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HOUSES SLIDE — One person was missing after a landslide swept two homes, bottom right, from the top of a hill in San Rafael, north of San Francisco, reducing them to rubble. Officials have reported at least 28 deaths following record rainfall in the area. Story, Page 3.

Israelis Perceive Familiar Pattern In Saudi Shifts Over Recognition

By David K. Shipler

JERUSALEM — In first offering to accept Israel's existence, and then denying that the offer had been made, Saudi Arabia has followed a well-established pattern, according to Israeli analysts who have watched the Saudis closely for years.

The most recent offer — the latest of many since 1975 — came from the Saudi foreign minister.

NEWS ANALYSIS

Prince Saud al-Faisal, in an interview with The New York Times published Sunday, he said that if Israel returned occupied Arab lands and recognized Palestinian rights, his government was prepared "to accept it" — meaning Israel.

"Arab countries did not accept Israel, before, in 1948," Prince Saud declared. "The change has taken some doing. There has been a tremendous shift on the part of Arab countries to accept this situation."

One Israeli government official who monitors Saudi radio broadcasts said he had expected a denial because Prince Saud's statement to The Times had not been reported in the Saudi media — usually a tip-off that it would be disavowed.

Ministry's Statement

The prediction proved accurate. On Sunday night, the Saudi Foreign Ministry issued a denial, which was carried by the Saudi press agency. "There is absolutely no truth in what has been attributed to his highness about the kingdom's recognition of Israel," the statement said. "The important point in Prince Saud's statement concerned Israel's recognition of Palestinian rights and withdrawal from occupied Arab lands. Response to these two legitimate conditions could bring peace to the area."

There was no particular disappointment in Israel, which has gone through this backing and filling before. The government had refrained from official comment on Prince Saud's offer, although officials had noted privately that Israel had long expressed readiness to open peace talks with the Saudis, without preconditions.

A similar offer and disavowal was made last Nov. 14, when Saudi Arabia's acting delegate to the United Nations, Gassam M. Al-Ghazali, told The Times in an interview that the eight-point peace plan of Saudi Crown Prince Fahd accepted Israel's existence.

"It does recognize Israel," Mr. Al-Ghazali said. "It says 'all states' are not afraid to say that it does recognize Israel. We are not shying away from that word 'Israel' in any sense."

Two days later, the Saudi press agency quoted what it described as



Prince Saud al-Faisal

"an official Saudi source" saying that Mr. Al-Ghazali was expressing only his personal views and had not been authorized to interpret the plan. The agency did not say that the plan would not recognize Israel.

Israel has opposed the plan because it demands the return of all

territory occupied during the 1967 Arab-Israeli war, including East Jerusalem, envisions the establishment of a Palestinian state, and provides for Palestinians to return to their homes in Israel proper or to receive compensation. Whether Israel would be allowed by the Arabs to exist in peace under the plan has not been clarified by the Saudis, who have issued conflicting statements.

The same kind of contradictions were contained in Saudi remarks before the issuance of the peace plan, according to Israeli analysts. On May 25, 1980, for example, Crown Prince Fahd told The Washington Post in an interview that if Israel declared its willingness to withdraw from occupied lands, Saudi Arabia would bring other Arabs to negotiations.

He expressed support for the United Nations Security Council Resolution 242, which affirms the "sovereignty, territorial integrity and political independence of every state in the area and their right to live in peace." This obviously includes Israel.

But four days later, Prince Fahd told the Moroccan news agency that he had been misquoted. A month later he called for a jihad against Israel.

Analysts here interpret this as an effort to speak in moderate tones to Western audiences, and then in harder terms for Arab ears, to court favor in Europe and the United States while bolstering relations with more radical Arab regimes.

Other developments, including Israel's annexation of the Golan Heights, U.S. extradition to Israel of a suspected Palestinian terrorist and U.S. failure to support sanctions against Israel in the Security Council, appear to have led the Saudis into taking a step away from their pro-American position, according to the assessment here.

At a recent question-and-answer session at Dahrn University, Prince Fahd spoke positively about the prospects of Saudi relations with the Soviet Union.

According to one Israeli official, he used a formulation that had been employed in the past — that Saudi Arabia recognizes the importance of the Soviet Union in the Arab-Israeli conflict — but then added what the analyst called a new element. The prince said that although his country was not in a position to establish diplomatic relations with Moscow, it would, in the future, give expression to its friendship toward the Soviet Union.

Haig Going to Middle East

WASHINGTON — The State Department announced Wednesday that Secretary of State Alexander M. Haig Jr. would visit Egypt and Israel Jan. 12-14 for discussions on the Palestinian autonomy negotiations and other issues.

15% More Sought for Pentagon

Debate Expected On Reagan Plan

By George C. Wilson

Washington Post Service

WASHINGTON — Administration officials say President Reagan has approved a \$245-billion military budget for the coming fiscal year, an increase of 15 percent over this year's level.

The \$245 billion is in so-called obligatory authority, the right to spend money in the future. This is the best measure of the dimensions of the military budget. Actual Pentagon spending next fiscal year would be \$215 billion, up 18 percent from this year's likely total of actual spending.

The new figures remain subject to minor revision, but they are a clear and forceful continuation of Mr. Reagan's policy of increasing the military budget while cutting domestic programs. The figures are likely to provoke the sharpest congressional debate yet over administration priorities, partly because 1982 is an election year for one-third of the Senate and everyone in the House.

The president's \$245-billion request for the military for fiscal 1983 is \$32 billion above the fiscal 1982 obligatory authority of \$213 billion. The 1982 total includes a planned request of about \$6 billion in supplemental funds for military pay and \$7.1 billion for military construction — building barracks, airstrips and other facilities for the armed services.

By assuming the inflation rate will not go over 8 percent in the new fiscal year, Mr. Reagan's recommended 15-percent increase in obligatory authority makes good on his pledge to keep making real increases of 7 percent annually to improve the military balance with the Soviet Union.

Causes of Rise

The sharper rise in actual military spending from \$182 billion in fiscal 1982 to \$215 billion in 1983 stems from pay increases and large bills falling due for stepped-up production of tanks, planes, ships and missiles. The fiscal year begins Oct. 1.

Critics who have reviewed Mr. Reagan's new military budget said more programs have been started than the services will be able to pay for in future years, meaning further political struggles and possible cancellations.

The Army is in particularly bad shape in this respect, they said, because it is trying to buy too much too soon, including the XM-1 tank at \$2.7 million each, an advanced but vulnerable attack helicopter whose cost is skyrocketing, a new generation of armored personnel carriers and a new family of battlefield missiles.

The General Accounting Office, after reviewing Army modernization plans last year, came to a similar conclusion. Because it is committing so much of its money to getting weapons built, the Army could well end up without enough money to keep them in fighting condition, the watchdog agency warned, sounding a theme now being supported by Pentagon specialists who reviewed the fiscal 1983 military budget.

Other Factors

Besides continuing to finance the Army's biggest modernization since World War II, the size of the new military budget was driven up by Mr. Reagan's plan to work toward a 600-ship Navy, to modernize the Air Force through large purchases of F-15 and F-16 fighters; to fulfill the Marines' request for more ships to take them to such possible distant trouble spots as the Gulf and for the AV-8B Harrier jump jet; and to upgrade strategic nuclear forces by setting aside billions of dollars for the first B-1 bombers, the MX land-based missile, and Cruise missiles that could be launched from either bombers, submarines or land bases in Europe.

Specifically, Mr. Reagan's fiscal 1983 budget, which is to go to Congress next month, would give the Navy \$13 billion for new ships, toward two more of the Nimitz-class aircraft carriers, in addition to three already built and one under construction. It also would provide for two new Los Angeles-class nuclear attack submarines costing about \$600 million each and another Trident missile boat with a price of about \$2 billion.

Abducted U.S. General Is Dead, Callers Claim

VERONA, Italy — Anonymous telephone callers to Rome newspapers said Wednesday that Red Brigades kidnappers had killed U.S. Brig. Gen. James L. Dozier and that his body would be found near Pescara in central Italy.

The Red Brigades in the past have given messages saying they had killed a hostage when in fact the victim was still alive. Gen. Dozier, 50, was kidnapped from his Verona apartment Dec. 17.



President Reagan says goodbye to Chancellor Helmut Schmidt.

Poland's Allies Attack Sanction Drive by U.S.

Reuters

VIENNA — Poland's Eastern European allies accused the United States on Wednesday of putting pressure on Western Europe to join an anti-Soviet crusade.

Dispatches from Warsaw in Hungarian and Bulgarian newspapers said conditions in Poland were steadily improving.

But the Czechoslovak Communist Party newspaper Rude Pravo

charged the West with trying to revive what it described as its "bankrupt policy of rolling back Communism."

The newspaper, quoted by the news agency CTK, said an essential part of this strategy was that "economic cooperation could continue only on condition that the Socialist countries leave free scope of action for anti-Soviet elements."

Commenting on decisions made at a Brussels meeting of Common Market foreign ministers on Monday, Rude Pravo said Western interference in Poland's internal affairs was unacceptable and violated the Helsinki agreements of 1975.

The EEC ministers condemned the military crackdown in Poland and threatened the Soviet Union with possible economic sanctions if it intervened there.

In Bratislava, the Slovak Communist Party newspaper Pravda said that by refusing to impose sanctions similar to those announced by the United States the Common Market countries had maintained their own approach to Poland and had not allowed Washington's policy to be forced upon them.

"There is no doubt, however," the newspaper said, "that U.S. pressure will continue to try to bring Europe onto the level of present U.S. policy, and that use will be made of the fact that within Western Europe there are serious differences in this matter — both between and inside governments."

In Sofia, the Bulgarian Communist Party daily Rabotnichesko Delo said: "The allies of the United States are trying to give Washington the glad eye, without following it in its anti-Polish and anti-Soviet economic crusade."

Warsaw's army newspaper, Zolnierz Wolnosci, said Wednesday that President Reagan brutally

violated the Helsinki agreements of 1975. The EEC ministers condemned the military crackdown in Poland and threatened the Soviet Union with possible economic sanctions if it intervened there.

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Schmidt Joins In U.S. Criticism Of Soviet Union

From Agency Dispatches

WASHINGTON — Chancellor Helmut Schmidt of West Germany ended two days of talks Wednesday during which he and President Reagan agreed that the Kremlin is largely to blame for the crackdown in Poland but disagreed on how to deal with the behind-the-scenes action.

Following a meeting with Secretary of State Alexander M. Haig Jr., Mr. Schmidt left on the return journey to West Germany.

He and Mr. Reagan said Tuesday there is a need for a "forceful" Western response. Mr. Schmidt, however, again refused to join the United States in imposing economic sanctions against Warsaw and Moscow.

Mr. Schmidt, for the first time directly criticizing the Soviet Union in regard to the crackdown, joined Mr. Reagan on Tuesday in expressing concern about "the serious pressure" brought by Moscow against Polish efforts at reform.

Although Mr. Schmidt's comments about the Russians were milder than those of Mr. Reagan and other U.S. officials, they were welcomed by Reagan administration officials as a signal that West Germany is prepared to join with the rest of the alliance in steps against the Soviet Union if the crisis persists in Poland.

NATO Discussions

Mr. Schmidt said at a news conference that the foreign ministers of the North Atlantic Treaty Organization would discuss possible actions at a meeting Monday in Brussels.

In a communiqué issued after several hours of talks, Mr. Reagan and Mr. Schmidt said they "agreed on their analysis of the Polish situation."

"They noted that contrary to the undertaking of the Polish leadership to re-establish liberty and the process of reform, repression and violation of basic human rights in Poland continues," the document said.

Mr. Reagan and Mr. Schmidt discussed the various sanctions imposed by the United States on Poland and the Soviet Union, and the West German decision to hold in abeyance any further economic aid to Poland.

As for additional steps, the joint

statement said the two leaders agreed that the 35-nation Madrid conference on implementing the Helsinki agreement, now in recess until February, should deal with the Polish situation "as soon as possible" at the foreign-minister level.

It also said that the two countries would take "appropriate" action within the UN framework "with a view to denouncing the violation of human rights as well as acts of violence." It was not immediately clear what action the two countries would take.

The two leaders repeated Western calls for the ending of martial law in Poland, the freeing of prisoners and the renewing of a dialogue in Poland among the government, the Roman Catholic Church and the Solidarity labor movement.

"They both noted the responsibility of the Soviet Union for developments in Poland and expressed concern about the serious pressure it is bringing to bear against Polish efforts for renewal," the statement said. "They insist Poland be allowed to resolve its problems without external interference."

Of the key Western European allies, West Germany until now has been most reticent about holding the Soviet Union responsible for the crackdown in Poland, although it has been critical of the Polish authorities for their actions. Mr. Schmidt, in an interview with The New York Times over the weekend, said that he felt that Gen. Wojciech Jaruzelski, the Polish leader, had acted primarily out of nationalist interests to save his country.

Genscher Comments

BONN (Reuters) — West Germany said Wednesday that the outcome of talks between Mr. Schmidt and Mr. Reagan showed there were no grounds for speculating on Western differences over how to handle the Polish crisis.

Foreign Minister Hans-Dietrich Genscher, who took part in the discussions in Washington on Tuesday, said on his return to West Germany that his country and its NATO allies and European Economic Community partners were determined not to let the issue cause a rift in their ranks.

Haig Expects Soviet Talks To Continue

The Associated Press

WASHINGTON — Secretary of State Alexander M. Haig Jr. suggested Wednesday that high-level meetings with the Soviet Union scheduled this month would be held despite the perceived Soviet role in instigating the Polish crisis.

At a news conference, Mr. Haig also held out the possibility that a summit meeting between President Reagan and President Leonid I. Brezhnev of the Soviet Union might be moved up because of the events in Poland.

Mr. Haig said Mr. Reagan and Chancellor Helmut Schmidt of West Germany agreed in talks Tuesday that arms-control talks scheduled to resume in Geneva next week should proceed because they "constitute a special category of East-West relations."

The two leaders agreed that the arms-control issue must be dealt with "outside the context of normal East-West relations" and that talks should continue "except under the most exceptional circumstances," Mr. Haig said.

The Geneva talks are aimed at limiting intermediate-range nuclear weapons in Europe.

Meeting Is Probable

Mr. Haig also said he was inclined to go ahead with his scheduled meeting this month with Foreign Minister Andrei A. Gromyko on laying the groundwork for negotiations on limiting strategic nuclear weapons. But he said a final decision on the Gromyko meeting would depend on events between now and then.

Raising the possibility of a superpower summit, Mr. Haig noted that Mr. Reagan had said such meetings were "more important during times of crisis."

Discussing a NATO ministerial meeting in Brussels planned for Monday, Mr. Haig said he expected a consensus would be reached in the alliance on holding the Soviet Union responsible for the martial-law crackdown in Poland.

Mr. Haig was less optimistic about the prospects for agreement on sanctions against Moscow. On that issue, he said, "each member government has a different set of problems." In any case, he said, the United States did not expect the alliance to move in "lockstep" on sanctions.

King Juan Carlos I, with Queen Sofia, addressing Spanish military leaders Wednesday.

Juan Carlos Denounces Campaign Within the Military to Slander Him

The Associated Press

MADRID — King Juan Carlos I denounced a smear campaign against him within Spain's armed forces Wednesday in a speech that laid open new signs of military unrest.

"Nobody has heard me make even the slightest protest or discovered any effort to defend myself against these slanders that merit only the fullest scorn," the king told the nation's top military leaders.

The 44-year-old monarch said he would not go into details, but he indicated he was fully aware of leaflets being circulated within the armed forces insinuating he was involved in the attempt by rightist officers last February to overthrow the civilian government.

"I cannot ignore, although I would like to, the campaigns that have been let loose, the leaflets widely distributed among military men, the planting of some versions of the facts to poison and discredit the armed forces," he said.

The king chose the New Year's military celebration at the Royal Palace to denounce the smear campaign.

But his public acknowledgment of continuing dissent within the armed forces lent strength to unconfirmed reports of another coup attempt and rumors that lawyers for 32 officers facing trial for military rebellion will try to show the king was involved.

King Juan Carlos has been widely credited with personally crushing the coup. The attempt collapsed 18 hours after 288 Civil Guards stormed the parliament and held the Cabinet and the entire lower house hostage at gunpoint.

Three generals are among those facing trial, which is expected to be held in the next two months.

Democratic Constitution

Speaking as commander in chief of the armed forces, the king thanked loyal officers for their help in "decisive moments" of the attempted coup.

But he made it clear he expected them to respect the country's democratic constitution established after the Franco dictatorship and to maintain discipline within the ranks.

"The armed forces constitute the

institution on which, in the final instance, rests the security of the nation," he said.

"Thus in my role as arbiter and moderator... I am asking the military and the police to keep in mind the importance of the mission that belongs to them as well as the need to integrate themselves into the political organization that the Spanish people have accorded themselves and which you above all must defend."

The king said he was confident the truth would come out at the court-martial of the coup leaders. He added: "No one can doubt my serenity or my prudence. I thought and I think I must not descend to rebutting falsehoods or to justifying conduct."

The king referred to a statement signed by 100 army officers and enlisted men expressing sympathy for the coup leaders as something that should not obsess the armed forces.

The army put all 100 signers of the statement under two-week house arrest in November, then gave 39 of them sentences of two to three months in army prisons.



About 100 Polish-Americans and other sympathizers with the Polish trade union Solidarity marched outside the White House while President Reagan and Chancellor Helmut Schmidt held discussions inside. The demonstrators were calling for West German support of the U.S. sanctions imposed on Warsaw and Moscow following the military crackdown in Poland.

Schmidt Team Uneasy at White House

By John Vinocur

WASHINGTON — Chancellor Helmut Schmidt has been to the United States 40 or 50 times. He says he has lost count. The years blur now, presidents change, and he feels sometimes that he embodies all there is of continuity in the relations between the Germans and the Americans.

This time, though, the trip to Washington was different. There were pickets in front of the White House questioning his resolve as a man of the West, newspapers that found his position on Poland lukewarm and selfish, and not a trace of the usual after-dinner speech vocabulary of Mr. Schmidt's expertise, his steadfastness, his wisdom.

A bit more than three weeks after the imposition of martial law in Poland, the West Germans knew in advance that their caution, their measured distance about the situation there, had come close to arousing deep anger within the Reagan administration and the American public. The visitors' discomfort was obvious.

Genscher's Preparation

"How do you say *Kampel* in English?" Hans-Dietrich Genscher, the foreign minister, asked en route to the United States.

"The word is 'buddy,'" he was told.

"Spell it," Mr. Genscher said.

Somebody did. Then, a West German reporter recounted, someone asked the foreign minister what he was driving at.

"Because that's the word we might hear," Mr. Genscher said. "Something like Schmidt is Brezhnev's buddy."

The chancellor's White House mood seemed to be something less than relaxed. Although he received a pacemaker for his heart last fall, he is smoking again, and he smoked through lunch Tuesday with the president and a number of aides.

He also talked and talked. He kept the stage and talked, someone said later, "as if he thought if he only kept talking everything would be fine."

Mr. Schmidt talked about China. He talked about economics. He told someone that his walking stick reminded him of Frederick the Great of Prussia. And Mr. Schmidt talked about Leonid I. Brezhnev, a man he described as one deeply concerned about peace.

It was difficult to break in. The chancellor held the stage.

A Clear Message

There was no strain between Mr. Reagan and Mr. Schmidt. Just politeness and cordiality.

But the clear, straight message about American dissatisfaction was there at another level. It was given to Manfred Lahnstein, the state secretary in charge of the chancellery, and to Otto von der Gabelitz, the director of the chancellery's department for foreign relations and security matters, men who report directly to Mr. Schmidt.

"American public opinion could not fathom," they were told, "how for weeks the Italian Communist Party had adopted a more critical attitude toward the situation in Poland than the government of the Federal Republic of Germany."

They also heard that the United States was at a loss to understand how one of its closest allies had gone along with the Soviet Union and Cuba on a motion concerning El Salvador at the United Nations in early December.

There was more: There was little sympathy here for a West German spokesman's "gloating" over how a U.S. call for greater military expenditures by European NATO partners was turned aside at a recent NATO meeting.

The West Germans listened and talked about the depth of the U.S.-German partnership. Why, one asked, had the American press been hard on West Germany and the chancellor, seeming to single them out for criticism? The answer was a shrug.

WORLD NEWS BRIEFS

Anti-Terrorist Officer Shot in Rome

The Associated Press

ROME — A gunman dressed as a mail carrier shot and wounded the deputy chief of Rome's anti-terrorist police at his home in Rome on Wednesday and fled with four accomplices, authorities said.

The wounded official, Nicola Simone, 41, was reported in satisfactory condition at a hospital. One of the attackers was also wounded when Mr. Simone returned the fire as he opened his door, police said.

An anonymous caller to an advertising company in Milan claimed responsibility for the attack in the name of a group he called the Nuclei Armati Prima Linea (First Line Armed Nuclei). Authorities said they had never heard of the group and were investigating the authenticity of the call.

Ford's U.K. Workers Accept Contract

United Press International

LONDON — The 54,000 workers of the Ford Motor Co. of Britain voted by a 2-to-1 majority Wednesday to accept a contract that will increase average pay by 7.4 percent, to £139 (\$245) a week, and reduce the workweek one hour, to 39 hours, on June 1.

The agreement averted a nationwide shutdown of Ford's 24 plants. However, 10,000 men stayed off the job at the Halewood body and assembly plants on Merseyside, 200 miles (360 kilometers) northwest of London, in a second day of protests against the new contract. About 1,900 gearbox and axle builders at Swansea, Wales, also entered the second day of a protest walkout.

In addition to improved benefits, the contract also includes measures to cut Ford's work force to bring its efficiency in line with the company's other European plants.

Ghana Ex-Vice President Surrenders

The Associated Press

ABIDJAN, Ivory Coast — Ghana's former vice president, William deGraft Johnson, turned himself over to police Wednesday, as the week-old military regime led by former Air Force Lt. Jerry Rawlings announced that people's tribunals will try former officials suspected of corruption.

Accra Radio, monitored in Abidjan, reported that 85 persons, including 11 former ministers, had surrendered to authorities. Mr. Rawlings said the tribunals would be public, and that they "will not be fettered in their procedures by technical rules which in the past have perverted the course of justice and enabled criminals to go free."

Former President Hilla Limann, who was overthrown in a coup led by Mr. Rawlings on Dec. 31, was arrested Monday along with three bodyguards, according to the radio. He was reportedly being held outside of Accra.

Senegal, Gambia Will Merge Feb. 1

The Associated Press

DAKAR, Senegal — The confederation between the West African nations of Senegal and Gambia will become operational Feb. 1, President Abdou Diouf of Senegal announced Wednesday.

The Senegambian confederation agreement calls for integration of the armed forces, development of a common economic and monetary system and political coordination on foreign affairs and communications. Each nation will remain sovereign and independent in all other matters.

Senegal is 10 times as large as Gambia, which it surrounds on all sides but for a small coastline. A draft proposal for confederation was adopted simultaneously by the national assemblies of both countries on Dec. 30.

U.S. Steel Prevails in Takeover Case

The Associated Press

WASHINGTON — Chief Justice Warren E. Burger on Wednesday refused to block U.S. Steel Corp.'s proposed \$6.3-billion takeover of Marathon Oil, clearing the way for the steel company to begin buying Marathon shares.

For the second time in a week, Justice Burger turned down an emergency request by rival bidder Mobil Oil. Mobil, the nation's second largest oil company, had asked Justice Burger to freeze the takeover fight until the full Supreme Court could hear a formal appeal filed by Mobil last week.

The appeal challenges a ruling by the 6th U.S. Circuit Court of Appeals preventing Mobil from joining in the bidding for Marathon stock. The appeals court ruled that Mobil's acquisition of Marathon probably would violate federal antitrust laws. Marathon is the 17th largest U.S. oil company.

Polish Allies Attack U.S.

(Continued from Page 1)

crushed an air controllers' strike in the United States while supporting walkouts aimed at paralyzing Poland.

The newspaper, quoted in a dispatch from the official Polish news agency PAP monitored in London, accused Mr. Reagan of "presidential double-think."

In imposing trade sanctions on the Soviet Union last week, Mr. Reagan said Moscow had instigated the military crackdown in Poland.

Denmark, meanwhile, a close ally to Poland's leader, said Wednesday that the government hopes the crisis will ease enough to allow Lech Walesa, head of the Solidarity labor movement, to resume his activities "as a trade union leader."

Capt. Wieslaw Gornicki, a press adviser to Gen. Wojciech Jaruzelski, Poland's premier and Communist Party leader, added: "I categorically deny any Soviet involvement or prior knowledge" of the imposition of martial law.

Capt. Gornicki, in Denmark for a meeting of the World Peace Council, said at a news conference that he hoped Mr. Walesa could resume his activities as a trade union leader but that "there can be no place in Poland for a political party called Solidarity."

As for Mr. Walesa's whereabouts, Capt. Gornicki said, "He has been placed in a luxury villa outside Warsaw, with daily visits by high-ranking officials of the church and government."

In Tokyo, Freeman Zuko Suzuki said Wednesday that Japan will hold talks with the Soviet Union as scheduled on Jan. 20 and 21 unless there is direct Kremlin intervention in Poland.

"Bilateral problems between the Soviet Union and Japan are rather more important" than Polish problems, Mr. Suzuki said.

Russia Makes Loan

LONDON (Reuters) — The Soviet Union announced Wednesday a loan to Poland on "convenient terms" to cover last year's trade deficit and to permit continued purchases of Soviet gas, oil, raw materials and other goods.

The arrangement was part of a trade protocol signed Wednesday by Tadeusz Nestorowicz, the Polish foreign trade minister, and Nikolai Patolichev, the Soviet foreign trade minister.

Warsaw Radio, monitored by the British Broadcasting Corp., said that "for the negative balance of turnover last year and the lack of equilibrium in turnover this year, the Soviet Union has granted Poland long-term financial credits on convenient terms amounting to 2.7 billion rubles" (about \$3.4 billion).

Britain Protests

LONDON (AP) — The British Foreign Office delivered a protest Wednesday to the Soviet Embassy over the jamming of BBC radio broadcasts to Poland.

In Ethiopia, the Flight From Feudalism Is Taking a Toll

Conditions Improve for the Peasants, but Rising Prices Provoke Complaints From All Areas

By Jay Ross

Washington Post Service

ADDIS ABABA, Ethiopia — The Ethiopian revolution, despite many successes in improving the quality of life of the people, has run into severe economic problems.

Whether in the north or south, urban or rural areas, Ethiopians are complaining about the economy.

Wages of civil servants have been frozen since the 1974 revolution despite an inflation rate averaging 15 percent a year. In the countryside, where many peasants and workers readily acknowledge improved income, health care and schooling, others say that because of inflation they have only held even.

Some of the problems are familiar throughout Africa: drought, distribution difficulties, and petroleum bills that have soared while export prices have fallen.

Others, however, are peculiar to Ethiopia: post-revolutionary chaos in the face of vast economic reorganization, increasing costs from war and civil strife, and a decline in the amount of agricultural produce reaching markets.

A Growing Deficit

The result has been a trade deficit of more than \$250 million in 1980 with a higher figure expected for 1981. Reserves will not cover two months' imports and the resulting severe restrictions have caused shortages and hampered economic development.

Shortages of staples in the capital are common, resulting in a black market in some foods. There are also reports of occasional delays in payment of salaries to civil servants.

There have been few manifestations of discontent other than grumbling heard in conversations, particularly in the capital. Higher pay and a work slowdown by truck drivers who carry goods for the key port of Assab are the most significant known protests held despite the authoritarian rule.

"The problems started in a big way in September," a civil servant here said. In the annual Revolution Day speech Sept. 12, Mengistu Haile Mariam, leader of the military government, annoyed many Ethiopians, according to the official, because he "attacked the Americans and corruption but didn't say anything about the problems really bothering us — the economy, frozen salaries, etc."

Ancient Problems

Ethiopia's economic problems are rooted in centuries of feudalism and underdevelopment, resulting in "large numbers of people living at the margins of existence, frequently vulnerable to drought and starvation," according to Ethiopian pressmen in September to the United Nations conference in Paris on the least developed countries. "There is a low standard of nutrition, inadequate access to clean water, widespread disease, a high infant-mortality rate and a shortage of health services."

Per capita annual income is \$105 and most of that is earned by the 10 percent of the 32 million population living in urban areas. Ethiopia's national budget in 1980 was only \$840 million.

Land reform has resulted in the peasants' being better off, but it has led to shortages in the cities. Since they now own their land,

the peasants no longer have to give half or more of their crop to their landlord as rent. Now they have more to eat, but since the government has replaced many middlemen with marketing boards using low, fixed prices, the peasants have less incentive to produce beyond their needs.

United Nations officials estimate that there has been a 15-percent drop in food crops coming to market since the 1974 revolution. In that period, the population has increased by about 5 million.

As a result, city dwellers must stand in line to buy limited supplies of tef, the staple grain, at the legal price of about \$25 for a 220-pound sack. Ample supplies are available on the black market for about \$50.

Coffee accounts for about two-thirds of Ethiopia's foreign-exchange earnings, providing \$300 million in 1980. The United States is the largest market for Ethiopian coffee, taking 38 percent of exports. Last year the price dropped by a third, exacerbating the country's balance-of-payments problems.

All other major exports, except hides and skins, have dropped since the revolution. Petroleum imports consume more than 40 percent of Ethiopia's foreign exchange earnings.

To attack the economic problems, the government set up an organization called the National Revolutionary Development Campaign and Central Planning Supreme Council. With about a thousand employees, believed to include seven or eight Soviet advisers, it has a reputation among critics, as one put it, of being "remote and filled with useless bureaucrats."

Whatever the difficulties, analysts say the

government has tried to redress decades of neglect of the poor and the rural areas, where 90 percent of the people live. As a result, real income in the provinces is up but it is down in the cities, except among the poor. Salaries of the lowest-paid urban workers have increased considerably.

"Any economic decision affects some positively and others negatively," said Canadian-educated Mesrie Lijig, head of planning and programming for the supreme council. "As long as it's good for the masses, it's good. That's how we operate and I believe it's right."

Conditions Improve

Madeline Wolde-Gabriel, 45, a laborer at the nationalized Asmara textile mills, offers an example of how government policy affects the poor. She is a widow and supports four children.

An employee for 18 years, she now makes \$1.50 a day, three times what she made before the revolution. Her hours are regulated and she can get health care and paid pregnancy leave, all unknown in the past.

Standing barefoot as she watches her two young children, she previously she tended four the woman acknowledged the improvement in working conditions and said she felt much freer to criticize than in the days of Italian private ownership.

"I would have been fired for saying these things," she said through a translator.

She was taken aback, however, when asked how often her family eats meat. Hardly ever, it turned out. The salary has increased, she said, "But prices are high and the needs of my family have increased. So my life is the same."

Warsaw Aide Outlines A Role for Solidarity

This dispatch was passed through Polish military censorship.

By John Darnon

New York Times Service

WARSAW — An adviser to Gen. Wojciech Jaruzelski has said there was "a place" for the Solidarity union as an independent, self-governing trade union in Poland as long as it did not stray into opposition politics.

The adviser, Capt. Wieslaw Gornicki, said in an interview Tuesday that he had been described as "the silent majority." But he conceded that there were objections to the continuing communications blackout and travel restrictions.

Capt. Gornicki insisted that the decision to impose martial law Dec. 13 had met with approval of sorts from what he described as "the silent majority." But he conceded that there were objections to the continuing communications blackout and travel restrictions.

"The crucial thing is that in all the documents of the military council, it is repeated that in our system there is a place for an independent, self-governing trade union — independent from the state employer, but also independent from manipulation by political operators."

"This is a very firm and positive formulation," Gen. Jaruzelski has in mind retaining this trade union. The most important lesson we draw from the pre-August, 1980, situation is that while we cannot afford an opposition party, the system can't operate properly without an external control element."

Role Is Outlined

Such a trade union, he said, could perhaps even remain outside the "structure" of government but would not necessarily have to confine itself just to issues of wages and working conditions.

It could conceivably exert influence, for example, in an instance where "the local administration of a town does not live up to its promises." The exact role for Solidarity, Capt. Gornicki said, would be decided by the military council.

Turkey's Ban On Import of Coffee Lifted

New York Times Service

ANKARA — Turkish coffee will return to Turkey.

The good news was announced Wednesday by the minister of commerce, Kemal Canturk, as a sign of better times.

For the past four years, the import of coffee has been banned, along with other dispensable items, as Turkey was forced to spend all of its hard currency earnings on costly oil products.

Most Turks resigned themselves to the loss of the national drink, converted to tea, which is produced locally.

Coffee had been banned in Turkey before. First introduced here in 1543 from Arabia, it became so popular that it was soon banned as a national vice.

Orthodox Muslims denounced it as intoxicating and thus forbidden by the Koran.

The ban was lifted in 1591. Coffee flourished until 1633, when it was again outlawed.

This time it was not the drink but coffeehouses — believed to be dens of conspiracy.

IRA Trial Witness Hurt By Blast Near Dublin

From Agency Dispatches

DUBLIN — One of Ireland's leading forensic scientists, who was a key witness in the trial of two Irish Republican Army militants charged with murdering Earl Mountbatten of Burma in 1979, lost his left leg Wednesday when his car blew up in a suburb of Dublin.

Police said they believed a bomb had been planted under the hood of a car belonging to the 36-year-old scientist, Dr. James Donovan, an official of the Irish Justice Department.

Authorities likened the explosion to an Irish Republican Army car bomb blast that killed Lt. Gen. Stuart Pringle, the com-

mander of Britain's Royal Marines, last November, and to an attack that killed Airey Neave, a British member of Parliament, at the House of Commons in March, 1979.

The attack was the first of its kind against a leading public official in the Irish Republic.

The doctor's forensic testimony was crucial to the conviction of Thomas McMahon for the murder of Lord Mountbatten, a distant cousin of Queen Elizabeth II, in November, 1979, along the western coast of Ireland. Francis McGirl, the second defendant, was acquitted of the killing, which was claimed by the IRA.

In Belfast, meanwhile, the British government announced Wednesday a \$90-million (\$173-million) program to aid the ailing economy of Northern Ireland, where one worker in five is unemployed. The increase will bring to the economic aid to Northern Ireland to about £200 million for fiscal 1982-83.

Noraid Called IRA Agent

NEW YORK (Reuters) — A U.S. appeals court has ruled that the Irish Northern Aid Committee, a New York organization, is an agent of the IRA.

The decision Tuesday upheld a lower-court ruling ordering the committee, known as Noraid, to comply with U.S. law regarding foreign agents. Noraid registered in 1971 but the government said it had not provided information about its officers, affiliates, financial dealings and other activities, including the dissemination of political propaganda.

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Clark Moves Quickly Into New Position as U.S. Security Adviser

By Hedrick Smith

New York Times Service

WASHINGTON — William P. Clark moved swiftly into his new job as President Reagan's national security adviser, taking part in presidential talks with Chancellor Helmut Schmidt of West Germany and running the agenda of a National Security Council meeting.

David R. Gergen, the White House communications director, said Tuesday that Mr. Clark would begin his daily briefings of Mr. Reagan "in a matter of days." That practice, common under previous administrations, was suspended during the tenure of Mr. Clark's predecessor, Richard V. Allen. His reinstatement was taken as an indication of the enhanced authority being given Mr. Clark in the White House hierarchy.

In an effort to curb disarray in the administration's foreign policy pronouncements, Mr. Clark was also understood to be pushing for a procedure that would require prior clearance from the National Security Council for public statements on foreign affairs by senior White House officials. While other presidential advisers were said to endorse the need to tighten the administration's control of public statements, a White House source said no firm rules had been issued.

Loyalties Favored

At the State Department, Secretary of State Alexander M. Haig Jr. was reported to want to promote Walter J. Stoessel Jr., undersecretary of state for political affairs, to Mr. Clark's old job as the department's second-ranking figure and then to move Lawrence S. Eagleburger, assistant secretary for European affairs, into the No. 3 post, replacing Mr. Stoessel.

Mexico's Envoy Recalled Over U.S. Immigration Shift

Los Angeles Times Service

MEXICO CITY — The Mexican government has recalled its ambassador to Washington, Hago B. Margain, for consultations over a recent change in U.S. immigration policy that will make tens of thousands of Mexicans in the United States vulnerable to deportation.

"We are very concerned about this matter," said a Mexican diplomat who requested anonymity. He said his government believes that at least 20,000 Mexicans in the United States would be affected by the move. Jorge Bustamante, an influential government immigration adviser, estimated the figure at 100,000, while U.S. sources put it at less than 50,000.

Mr. Margain's recall on Tuesday was the government's first reaction to the new policy that Mexicans who had applied for legal residency in the United States under the terms of the so-called "Silva letter" are being informed that the document is no longer valid.

The Silva letter, which grew out of a 1977 lawsuit, allowed immigrants inside the United States to apply for a letter which, in effect, became a temporary permit for them to remain pending the possibility that they might receive an official visa.

Mr. Manatt labeled the council as the party's "tangible" recognition that in the last 10 years organized labor has not taken a direct, active role in the party's activities.

But Mr. Manatt implied that the basic material used in putting together the Labor Council — a tenuous amalgam of liberal and conservative union presidents — was hostility toward the Reagan administration's domestic policies.

In its first year in office, the administration has shown itself to be "the most anti-union, anti-worker administration in this country in the last 50 years," Mr. Manatt said.

Robert F. Bonifant, the White House chief of labor liaison, objected to that description Tuesday. "I think it would be far healthier if the labor representatives would take a more bipartisan approach," he said. "Instead of putting all their eggs in one basket, they should be making a conscientious effort to participate in the Republican Party at national, state and local levels."

The co-chairman of the council, Glenn E. Watts, president of the 508,000-member Communications Workers of America, said that much of organized labor has decided to return to the Democrats because of mistreatment from such Republicans as Sen. Orrin G. Hatch of Utah, chairman of the Senate Committee on Labor and Human Resources, who has frequently opposed organized labor's legislative programs.

Prime Target

Mr. Watts said that Sen. Hatch would be a prime target for removal in the November elections. Mr. Watts said that labor "will spend all of the money we can get out of hands on" to get Sen. Hatch out of office.

Mr. Watts, who also holds a regular seat on the Democratic National Committee, said that while his service on the Labor Council means that the communications union has "an association" with the Democratic Party, union members who are Republicans or who want to support Republicans will not be forced to support union leadership in political matters.

John T. Joyce, president of the International Union of Bricklayers and Allied Craftworkers and also a co-chairman of the Labor Council, said the union's affiliation with the Democrats "essentially is an organizational relationship that really begins with issues." It does not mean the unions "will stand to one side" if those issues are not addressed, he said.

2 More Spanish Oil Deaths

MADRID — Two more persons have died from consuming adulterated cooking oil in Spain, bringing the fatality count to 234 since last May, Spanish health officials said.



A woman was rescued after her car stalled in floodwater in Petaluma, near San Francisco.

28 Killed in Northern California Storm

From Agency Dispatches

SAN FRANCISCO — At least 28 deaths had been reported Wednesday after one of the most destructive rainstorms to hit the San Francisco area.

Police said the death toll could rise when rescuers cleared giant mudslides in the area. The storm, which whipped into Northern California on Sunday, began to subside Tuesday morning.

Property damage was estimated at \$100 million, including more than \$20 million in Marin County, across the Golden Gate Bridge from San Francisco. Houses collapsed when the earth beneath them turned into flowing mud following record rainfall Sunday night and Monday.

Gov. Edmund G. Brown Jr. declared a state of emergency late Tuesday for the six counties hardest hit by the storm — Marin, Sonoma, San Mateo, Santa Cruz, Contra Costa and Humboldt — freeing state money for repair work.

In San Francisco, 6.3 inches of rain (about 16 centimeters) fell at International Airport, the heaviest downfall in a 24-hour period in the area in more than 50 years. Heavy snowfall buried mountain passes to the east and north. The Golden Gate Bridge was closed for only the third time in its history at midmorning Tuesday by mudslides that blocked the northern approaches.

Ex-CIA Operative, on British TV, Describes Role as Arms Supplier

The Associated Press

LONDON — Frank E. Terpil, a former CIA agent, has appeared on a British television program and calmly told how he sold guns, explosives and poisons to clients including Libya's Col. Moamer Qadhafi, the former Ugandan dictator Idi Amin, and the late Shah of Iran.

Mr. Terpil, currently a fugitive from a 35-year prison sentence in New York for gunrunning, was the central figure in a documentary Tuesday night called "The Most Dangerous Man in the World."

His other clients, according to the program, included the Turkish terrorists known as the Gray Wolves, who trained Mehmet Ali Agca, the man who shot Pope John Paul II. Mr. Terpil did not deny it.

The program depicted Mr. Terpil, 43, as a dealer in death, willing to sell equipment and advice to anyone able to pay.

Asked if the policies of his clients did not bother him, Mr. Terpil smiled and replied: "I regard myself as neutral and commercial."

The director of the program, Antony Thomas, whose movie, "Death of a Princess," in 1980 strained British-Saudi relations, said he spent five days last summer filming Mr. Terpil in Beirut, and another six months shooting background in the Middle East, Africa, Britain and the United States.

Mr. Terpil was indicted by a U.S. grand jury last November on charges that he conspired to sell arms, ammunition and coding devices to the Amin regime. In 1980, he and another former U.S. intelligence agent, Edwin P. Wilson, were charged with shipping explosives to Libya to be used in training terrorists.

Mr. Thomas said that Mr. Terpil was last seen in Beirut last Nov. 7, when he disappeared. He said the American is believed to have been kidnapped by Syrian security forces with whom he was in contact.

On the program, Mr. Terpil said he joined the CIA from the U.S. Army and was trained by its technical services division, which he called "the dirty tricks brigade."

He said he quit in 1972, after getting into trouble over his side-line currency dealings while based in New Delhi, and started out on his own.

Mr. Terpil said that one of his big deals was selling the late Shah \$48 million worth of equipment to listen in on telephone conversations in Tehran and "bug his own government and secret police."

Mr. Thomas suggested that the smoothness of Mr. Terpil's operations in different countries stemmed from his CIA contacts and that he may never actually have left the organization.

The director put the point to William Colby, head of the CIA from 1973 to 1976, who said that it could have been possible to put an agent into deep cover, but that he did not know the full circumstances of the Terpil case.

Mr. Thomas charged that Mr. Terpil's sales included instruments of torture. Mr. Terpil recounted working for the security service of Marshal Amin in Kampala, but said that although he sometimes heard screams from the basement, he never saw any.

Ex-Green Beret Gets 2 Years for Shooting Libyan

New York Times Service

FORT COLLINS, Colo. — A former Green Beret convicted last month of two misdemeanor assault charges in the 1980 shooting of a Libyan student here has been sentenced to serve two years in prison.

A U.S. District Court judge imposed the maximum sentence Tuesday for each of the two counts on which Eugene A. Tafuya, 48, was convicted, and ordered that the terms be served concurrently.

Mr. Tafuya was released on bail pending an appeal.

Mr. Tafuya was depicted by prosecutors as a hired killer who had bungled the slaying of Faisal Zagallai, a student at Colorado State University. The student was described as a critic of Col. Moamer Qadhafi, the Libyan leader.

Mr. Zagallai, who was shot twice in the head, survived the attack, but lost the vision in his right eye.

Prosecutors said they believed Mr. Tafuya had been hired by Edwin P. Wilson on behalf of Libya.

Five years ago it was safe to say that 95 percent of the street people we saw were chemically addicted, to drugs or alcohol or whatever," said Brother Steve Gliko, who runs the St. Benedict's Meal Program in Milwaukee.

Reality of Unemployment

"Today, 70 percent of our guests are just homeless and jobless people, not addicts," he went on. "They're not out in the streets by choice but because of economic and political forces. Among our guests today, being out of work is the reality, not the exception anymore."

Deborah McEvoy, one of the managers of the St. Benedict's programs at St. Peter's Episcopal Church in Detroit, sees the same pattern.

"We're getting a lot of young men," she said. "They come in and say, 'I don't want to be here, I wouldn't be here if I didn't have to be,' and either they've had jobs or they've been on General Assistance. Either way, they've been cut."

U.S. Soup Kitchens Recall Great Depression

Humiliation Shows on Faces of the Unemployed and Their Families

By Iver Peterson

New York Times Service

DETROIT — For the first time in many years, Col. Clarence Kinnett has begun to remember the Depression.

"It's the kind of memory you tend to submerge, if you can," said Col. Kinnett, who directs the Salvation Army's northeastern Ohio region. "I had to pull my little red wagon down to the county welfare to pick up the dried beans and the prunes and the canned beef, right through the center of town. You know, I can still feel the sting of that experience."

That long-buried memory of the knowing looks of others has been brought back to Col. Kinnett by the faces of the people coming to the Salvation Army's hot meal centers in Cleveland, Akron and Youngstown these days.

Increasingly, he said, they are the faces of young men and women who never thought they would need the charity of a free meal and a bag of groceries. But this industrial region is faltering, and the surprise and the shame show in their faces.

Worn Benches

"We hear it over and over again," he said. "They say, 'You know, I've never had to ask for anything before in my life. I never thought I'd ever have to be here.'"

The men and women who have lost their jobs in the area's worst industrial slide in decades are coming in ever greater numbers to sit on the worn benches of steamy soup kitchens in churches and community centers.

For Christmas, 1980, for example, Col. Kinnett's group distributed 25,000 food baskets. This year, the figure was about 35,000. The number of people who came for free Thanksgiving and Christmas meals this year was double the number of last year.

The Capucin Brothers Soup Kitchen here in Detroit served 135,483 hot lunches in 1980. The figure for 1981, calculated only through November, was 145,645.

Two years ago, the St. Benedict's Meal Program in Milwaukee averaged 300 meals a day. Today it is averaging 500.

Nationally, the Salvation Army estimates that demand for its free meals is running 10 percent to 30 percent above last year's level, and conversations with the directors of such centers confirm the apparent pattern: the hungry crowds are younger, there are more families with children, and the parents cannot find work.

"Their stories are usually that the father worked at Chrysler or GM or Ford, was laid off, and they have exhausted all their benefits," said Lewis Hickson, general manager of the Capucin Brothers Soup Kitchen here. "So they've been forced into the social welfare system, and they just can't make ends meet any more."

In addition to providing hot lunches to all comers, the Capucin kitchen, which has been operating since the Great Depression, also gives destitute families emergency food packages worth about \$60.

In August, 1980, 941 families asked for the food packages, and 446 were found to be desperate enough to qualify. Mr. Hickson said. Last August, 1,673 families came seeking the food bags, and 1,078 were found to have no other way of feeding themselves.

'Enterprise Zone' Plan By Reagan Is Reported

By Spencer Rich

Washington Post Service

WASHINGTON — President Reagan has approved in principle a plan to create up to 75 "enterprise zones" in rundown urban areas, offering companies special tax breaks to move into them and create new jobs.

Sources said the plan, one of the few new domestic programs the president has embraced, could be included in his State of the Union and budget messages this year.

Meanwhile, sources said the president also has approved as one of the new cuts in his budget for next year a \$1-billion reduction in the government's basic welfare program, Aid to Families With Dependent Children (AFDC).

New Age Limit

The administration also is expected to propose making the "workfare" system of welfare payments compulsory. States now have the right to decide whether to adopt the approach, which ties benefits to a work requirement.

It is also expected to propose cutting off the parents' benefits when the child reaches the age of 16, instead of the current 18; counting federal fuel assistance received by an AFDC family as income when determining AFDC benefits; prorating shelter costs if the welfare family lives with another family; and several other items.

The proposed AFDC reduction, which is designed to help reduce what officials say could be a \$150-billion federal deficit in fiscal 1983 if no spending cuts or tax increases are made, would be in addition to the \$1 billion already cut from federal AFDC outlays in fiscal 1982.

Rep. Jack F. Kemp, a Republican from New York who has sponsored an "enterprise zone" bill of his own along with Rep. Robert Garcia, Democrat of New York, and an unusual coalition of conservatives and liberals, said in an interview Tuesday that "it's my understanding that the president has approved, in principle and conceptually, a plan designed to revive economically depressed cities with a new series of special tax credits and write-offs."

25 Zones a Year

Rep. Kemp, as well as sources at the Department of Housing and Urban Development, said that all the specifics of the write-off plan are "not locked in."

But in general, the sources said, the plan envisions creation of up to 25 zones a year for the next three years; elimination of the capital gains tax on investments in the zones; allowance of a tax credit of possibly \$1,500 a year for each low-income worker an employer hires for work in the zone; provision of a similar tax credit or deduction for the employer on Social Security and other similar taxes paid for each employee; creation

Draft Registration Said to Be Backed By Weinberger

New York Times Service

WASHINGTON — Secretary of Defense Casper W. Weinberger and the Joint Chiefs of Staff have recommended to President Reagan that registration of young men for a possible military draft be continued, even though Mr. Reagan has pledged to abolish it, administration and congressional officials have said.

Mr. Weinberger reportedly recently extolled progress in recruiting and retention of military personnel and expressed conviction that the volunteer force could succeed.

The chief spokesman for the Pentagon, Henry E. Catto Jr., declined Tuesday to confirm Mr. Weinberger's recommendation. But Mr. Catto acknowledged that the Joint Chiefs of Staff favored a continuation of draft registration. The recommendation and a report from a military manpower commission established by the president and headed by Mr. Weinberger have gone to the White House, and an announcement of Mr. Reagan's decision is expected shortly, officials said.

The administration recently postponed the beginning of draft registration of young men who had failed to register for the draft, pending the president's decision.

Margaret C. Banning, Novelist, Dead at 90

New York Times Service

NEW YORK — Margaret Cullen Banning, 90, a women's rights advocate and author of 40 books and more than 400 short stories in a career that spanned six decades, died Monday while working on another novel.

Ms. Banning's novels included "Enough To Live On" (1939), "Fallen Away" (1951), which dealt

with mixed-religion marriages, and "The Vine and the Olive" (1965), about birth control. She frequently appeared in the Reader's Digest and many other magazines.

Mrs. Banning went to England to study the conditions of British working women during World War II, and after the war she worked in refugee camps in Germany and Austria.

Hans Couried

LOS ANGELES (UPI) — Hans Couried, 64, the versatile comedi-

of a federal tax credit of perhaps \$450 per worker in the zones, provided they meet certain conditions such as having previously been on welfare or unemployed; and the granting of special investment tax credits for investments made in the zones, possibly 10 percent on construction, 5 percent on machinery and 3 percent on light machinery.

Rep. Kemp said his coalition would be opposed to the "undoing of safety and environment" laws as a way to stimulate business in the zones and that he wants assurances that any new jobs would go to the low-income people already living in the zones.

The sources said the administration may also propose requiring at least one parent to enroll in "workfare" if there are two parents in the family, requiring all AFDC applicants to search for a job, and counting public aid received from other programs by crippled children in a family as part of its basic income for AFDC calculations.

U.S. Small Cars Safer Than Japan's in Study

By Peter Behr

Washington Post Service

WASHINGTON — A report by an auto insurance industry group says small Japanese cars are significantly more dangerous than American-made cars of comparable size, based on a study of government data on fatal auto crashes.

The Insurance Institute for Highway Safety, a research group supported by U.S. auto insurance firms, said its study is the first comparison of highway fatalities involving U.S. and Japanese-built cars.

The study, issued Tuesday, compares the number of fatalities of drivers and occupants by car model with the numbers of registered cars of each model to obtain a fatality ratio. The study divides subcompacts into two categories, calling those with wheelbases of 96 inches or less small subcompacts.

In the case of single-vehicle crashes in 1980, there were 16.4 fatalities for every 100,000 Japanese-made small subcompacts registered in the United States compared with 11.6 fatalities for 100,000 U.S.-built cars of comparable size.

The institute also compared fatalities resulting from collisions between small cars and other cars, showing that there were 23.6 fatalities per 100,000 Japanese-built cars and 18 fatalities for the American-built cars.

One of the nation's major insurance companies, the United Services Automobile Association, held a series of news conferences Tuesday to call attention to the study. The association is a cooperative group for military officers.

"The safety advantages of American-made cars should be made known," said Robert F. McDermott, president of the association. "We are not trying to persuade (policyholders) to drive particular cars, only providing information to consider in reaching their buying decisions."

Neither the institute nor Mr. McDermott's company offered theories to explain the reported difference between the U.S. and Japanese-built cars. Although Japanese small subcompacts have a slightly smaller wheelbase than comparable U.S.-made cars, that distinction is not true for compacts.

The data on fatalities by car model are collected by the National Highway Traffic Safety Administration through its Fatal Accident Reporting System. The safety administration had reported previously that occupants of small cars are in much greater risk of death or injury in collision with large cars because of the difference in impact forces related to vehicle weight.

The new study supports that conclusion. In all crashes reported in 1980, there were 15.6 deaths per 100,000 registered full-sized cars, 23.8 fatalities involving compact and small compact cars, and 34.1 fatalities involving small subcompacts.

Looking at crashes involving only a single car, the study reported

Tooth Decay Drops Among U.S. Children

Washington Post Service

WASHINGTON — Tooth decay among American children was cut by one-third in the past decade, mainly because of fluoridated water supplies and fluoridated toothpaste.

Fifty-nine percent of children aged 5 to 11 had never had a cavity, according to the latest nationwide survey by the National Institute for Dental Research. Among youngsters between 5 and 17 years old, 37 percent were "caries-free" — decay-free — according to this 1979-80 study. Between 1971 and 1973 the figure was 28 percent.

Only 17 percent of 12-to-17-year-olds were caries-free in the last survey, possibly because they had had a longer exposure to sugar in drinks, foods and snacks, and shorter exposure to fluoridated water or fluoride toothpaste.

Budget Cuts To Slow U.S. Jupiter Flight

By Thomas O'Toole

Washington Post Service

WASHINGTON — The space agency will keep its Galileo mission to Jupiter in 1985 but will be forced under the austere Reagan administration budget to fly it there in a way that will put it at Jupiter in 1989 instead of 1987 as planned.

"Galileo has been saved in the new Reagan budget, but at a price," a Capitol Hill source said Tuesday. "Under the new plan, the spacecraft will arrive at Jupiter in the second quarter of 1989, which means the Galileo science team will have to be kept at work for an extra two years before the mission is accomplished."

There had been fear among space scientists that the Galileo mission to Jupiter would be lost in the Reagan budgets. But sources on Capitol Hill and inside the Reagan administration insisted Tuesday that it was still alive.

Engine Development Delayed

The upcoming Reagan space budgets postpone development of the hydrogen-fueled Centaur engine for use in the space shuttle, which is why Galileo will not get to Jupiter until 1989. Galileo would have used the high-energy Centaur engine to fly a direct path to Jupiter, which would have taken only two years.

Postponing Centaur's use in the space shuttle means that Galileo will be carried into Earth orbit in 1985, then fired by a conventional upper-stage engine on a path around the sun and back to the environs of Earth in 1987. Moving at very high speeds, the spacecraft will then get a boost from the gravity of Earth that will speed it toward Jupiter as if it had been fired toward the planet by a Centaur engine.

Also alive is the Voyager mission to Uranus and Neptune, encounters with the two planets that the Reagan administration had considered killing even though the Voyager spacecraft is already on its way to Uranus.

"This administration has no intention of throwing away such a rich mass of data for a relatively modest savings," the White House science adviser, George A. Keyworth Jr., told the annual meeting of the American Association for the Advancement of Science this week in Washington.

No Trip to Halley

The National Aeronautics and Space Administration had considered abandoning Voyager after it flew by Saturn last summer, thus saving \$222 million over eight years.

Sources said that a mission to orbit Venus with a huge radar dish was postponed indefinitely. Killed also was any mission to Halley's comet when it flies around the sun in 1986.

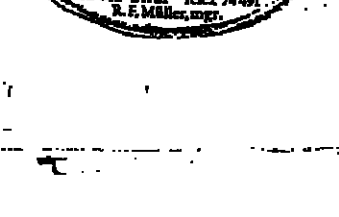
"Halley is a comet that will not be visited by an American spacecraft," an administration source said Tuesday. "We will leave Halley up to the Russians, the Europeans and the Japanese."

Thomas C. Bryant Jr.

PHILADELPHIA (UPI) — Thomas C. Bryant Jr., 51, a singer with the Ink Spots throughout the 1970s and a former bassist with such major jazz figures as Billie Holiday, Sarah Vaughan, John Coltrane, Dizzy Gillespie and Benny Goodman, died Sunday.

Francis McCarthy

NEW YORK (UPI) — Francis McCarthy, 70, who during a 30-year career with United Press International covered the Pacific Theater of World War II and the rise of Fidel Castro, died Monday of a heart attack.





Eddie Adams



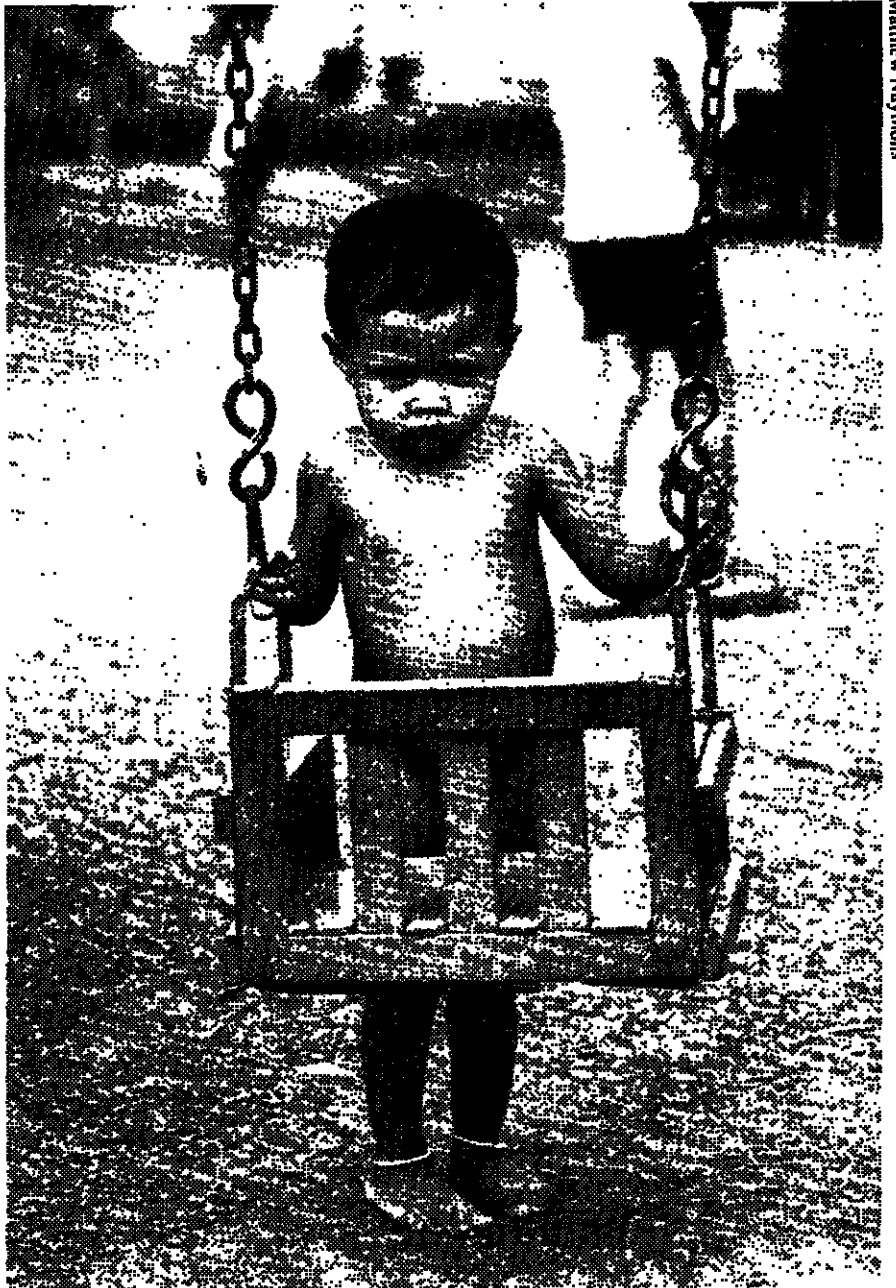
Bill Pierce



Matthew Naythons



Eddie Adams



Matthew Naythons

The Children of War

A triumph of spirit.

"All wars, it is said, are fought for the benefit of future generations. This is a story of how those generations are responding. The responses vary, as you would expect. The five war zones represented here are quite different from each other, and the children in each place have their differences as well. Nor do those within a single war zone necessarily react in the same ways to the terrors around them. What all these children do have in common is a fierce will to survive—a will that sometimes takes the form of revenge, and at other times, of an abiding serenity.

But no matter how they assert themselves, there is an essential good-heartedness in almost all these children, a generosity of nature that transcends and diminishes anything they have suffered.

The question one asks is: When do these qualities disappear? Assume that the children of our modern wars are like those of any time. Why then does the institution of war continue to do so well?

Here are some thirty children from five warring nations, most of

them eager to make and keep the peace. If their nations were handed over to them right now, it would be pleasing to think that peace would follow. Of course, nothing will be handed over to them until they are ready; and by that time they will be grown up like us, and changed like us, who supposedly fight for their benefit. For the moment their power is purely potential. So they go about their business—riding bikes, playing ball, dreaming, doing what they're told, and watching with great care all that is being done for them."

Small histories that stun the mind, and images that will haunt the heart. This week TIME presents an issue whose cover story encompasses 23 pages, and a score of color photographs. It is one of the most unusual issues TIME has ever done—certainly, the most moving. Here, from Belfast, Israel, Lebanon, Cambodia, Viet Nam, are the nightmares and dreams of the world's scarred, yet hopeful, Children of War.

TIME

The news magazine for the internationally minded.

More Dollars and Diplomacy: Could They Have Made a Difference in Poland?

By Murray Marder

Washington Post Service

WASHINGTON — A record of confused and contradictory American responses to the 16-month crisis in Poland is buried in history's boldest attempt to liberalize Communist rule in Eastern Europe.

No official is prepared to open the books on that record now when the Reagan administration is performing the political rite of proclaiming a year of outstanding accomplishments.

But in private, some experts on Eastern Europe were hanging their heads over what they said was a pattern of lost opportunities in perhaps the most significant test that the United States, as leader of the West, had encountered in a decade.

The failure was conceptual and operational. By succumbing to its preoccupation with the U.S. economy, the Reagan administration was ill-equipped to cope with the extraordinary diplomatic-economic challenge abroad.

No coherent strategy for handling the Polish problem was devised that might through the use of economic assistance and diplomatic leverage, have forestalled the crackdown.

Instead, the United States relied on piecemeal aid infusions and occasional warnings to Moscow while chaos spread throughout Poland.

Problem Was Foreseen

Without any imaginative lead from the United States, the West floundered through the months of crisis until Poland's Solidarity movement and the Polish government collided over the preservation of Communist rule.

The Reagan administration is justified in asserting that it did foresee that the Polish crisis was unlikely to explode in accordance with the single-track contingency plan of the North Atlantic Treaty Organization — a di-

rect invasion by the Soviet Union and its Warsaw Pact allies.

In the judgment of some administration specialists, however, that foresight only compounded the failure of the West to agree on any other course of action before the curtain fell on Poland on Dec. 13.

At least by the middle of June, it was widely recognized within the State Department, the National Security Council and the CIA that it would require a heroic effort of Western leadership to salvage the Polish experiment.

The order of magnitude for such an effort needed to be comparable in concept, although not in actual outlay of U.S. funds, to the post-World War II Marshall Plan for the reconstruction of Western Europe.

At stake in Poland, a pivotal nation in the Soviet design in Europe, were consequences transcending those of the crushed Hungarian revolution of 1956 or Czechoslovakia's obliterated "Prague Spring" of 1968. For Poland had produced the first authentic, nationwide workers' revolt against orthodox Communist rule inside a system that claimed, above all, to represent the proletariat.

Accordingly, the challenge perceived by some specialists was that the Western response to Poland's turmoil could not be simply in terms of traditional foreign aid to a nation in economic distress.

Instead, it was argued by some specialists, the preservation of a unique measure of freedom in Poland could be seen as a security priority for the United States comparable to the administration's plans to spend billions of dollars on military hardware. With this criteria, activists maintained, the United States should measure what it stood to gain, or lose, on the same scale as MX missiles, B-1 bombers and Trident submarines.

The choices were said to have been expressed bluntly in the internal debate:

What would the Russians pay to get Poland back to where it was? Ten billion dollars? Twenty billion? If you formulate the question this way, the answer is compelling about what we should do.

But the answer obviously was not compelling enough.

Unpopular Proposal

It is unclear on the public record whether the questions were fully debated in the presence of President Reagan, or even before such influential advisers as Edwin Meese 3d, James A. Baker 3d, and Michael K. Deaver or Treasury Secretary Donald T. Regan and David A. Stockman, the budget director.

The idea that the United States, and especially a right-of-center Republican administration transfused by commitments to fiscal solvency, should consider spending anything on the order of billions of dollars "to prop up a failing Communist regime," as it was characterized, to quote an insider, literally was "laughed out of court."

"We simply never succeeded in engaging their attention," a specialist said. "State was arguing, begging, pleading," but "the problem was economic tunnel vision."

That was by no means the only problem, however. Throughout this period the administration was groping for its own center of gravity in the conduct of foreign affairs.

Secretary of State Alexander M. Haig Jr., the only major player in the debate equipped by experience to press the Polish issue, was a crippled advocate from the start. Mr. Haig was entangled in what he perceived as encircling bureaucratic guerrilla warfare in which he was everyone's target.

Sources said William J. Casey, the CIA director, "finally was brought around" on the significance of the Polish test in the totality of East-West competition. But Mr. Casey,

too, had his own problems of personal survival in the administration.

As for Defense Secretary Caspar W. Weinberger, he started out by hinting that a Soviet invasion of Poland could lead the United States to retaliate by selling weapons to China, an idea scorned by diplomats as a naive boomerang for U.S. strategy in both directions.

Mr. Weinberger, it is reported, later did agree with the importance of investing in the Polish experiment provided that the costs did not come out of the Defense Department budget, which was about the only place they could have come from.

In preparing for the Ottawa summit meeting in July, those who advocated a multibillion-dollar Western commitment to the Polish struggle to liberalize Communist rule tried in vain to put that on the agenda as a major issue. Treasury Secretary Regan said when the conference ended that while finance ministers did discuss Poland's economy and its huge foreign debt, "I want to stress that no conclusions were reached."

During the late summer, it was made clear at interdepartmental discussions in Washington, participants acknowledged, that the Treasury Department and the Office of Management and the Budget were "dead set against committing any new money in the budget (for Poland) beyond emergency food aid to get through the winter."

Some Aid Provided

What the Reagan administration was prepared to provide, and only then by internal and external prodding, was some millions of dollars, primarily grain for Poland's U.S.-inspired chicken-breeder industry, an important source of quick profits.

The administration also granted surplus food for Poland's army. But they could not dent a problem of Poland's dimen-

sions. Poland was disintegrating with a foreign debt approaching \$27 billion, a near-bankrupt economy and a nation aflame with demands for more freedom and greater benefits for its workers.

Those who advocated a long-term Western consortium to salvage the Polish economy had to admit that no plan "could guarantee" a satisfactory outcome. There were no precedents. Never before had the capitalist West and the Communist East attempted parallel action to keep aloft a nation with one foot planted in each camp.

Any formula for Poland's grievous problems would have entailed a variety of assistance programs, advisers, long-term food deliveries, technical aid and foreign scrutiny of Poland's economy unlike any attempted in Eastern Europe.

Was it really in the interest of the West, asked many Western bankers beyond those trapped as overextended creditors of Poland, to rescue a mortally stricken Communist nation? The negative response was bluntly summed up by The Wall Street Journal:

"What we are witnessing here is the collapse of the Communist economic system, winding down from want of markets, efficiently allocating resources and adequate incentives for workers. It would make some sense to help Eastern Europe if Poland and the rest were developing the kind of economies that might ultimately pay off loans and contribute to world economic well-being. But there is no sign that they are thinking of abandoning Communist systems and moving toward free markets. So, a few years further on they'll only be further in the hole, and if we buy in now we'll be bailing out no one so much as the Kremlin."

The affirmative side of the debate never effectively broke through the public surface. Its participants hardly were "doves," starting with Mr. Haig, Undersecretary for Political

Affairs Walter J. Stoessel Jr., a former ambassador to Poland; and the senior members of the State Department's European Bureau, headed by Assistant Secretary Lawrence S. Eagleburger.

In the end, the action-advocates within the State Department, who are now assailed by journalistic critics for passivity, were driven to grasping at straws.

One straw was the expected visit of the Solidarity leader, Lech Walesa, to the United States in November to attend the New York convention of the AFL-CIO on the invitation of the union president, Lane Kirkland.

A White House meeting between Mr. Reagan and Mr. Walesa was anticipated in which, the action-advocates hoped, Mr. Walesa's presence would cause Mr. Reagan to endorse Solidarity's aspirations in an embrace that even the domestic policy advisers in the White House would find too politically tantalizing to ignore.

That creative vision of side-door entry to the administration's priorities died on the vine; Mr. Walesa could not leave Warsaw. He was embattled not only with the government of Poland, but also with a losing struggle to maintain his own moderate strategy for Solidarity, as Poland tumbled into a de facto more premeditated and violent than anything Mr. Walesa or his advisers imagined.

The drama in Poland continues. Nothing that remains of the original hopes for preserving Poland's fleeting gains in freedom by major help from the outside world, however, such as Poland's belated application to rejoin the International Monetary Fund, filed in mid-November, can fulfill the initial, daring dream. Perhaps it never could have been fulfilled, in any way in which the West could have contributed significantly. But no one will ever be certain of that, for the attempt to find out was never made.

Winnie Mandela, Wife of South African Nationalist, Undaunted by Years of Banishment and Restrictions

By Allister Sparks

Washington Post Service

BRANDFORD, South Africa — Winnie Mandela, who is married to the imprisoned leader of the African National Congress, Nelson Mandela, is undaunted by her continued banishment to this small racist town.

The government sent her here after the Soweto riots five years ago, and last week it extended the banishment order for another five years. It also extended an order prohibiting her from meeting with more than one person at a time, or from being quoted in South Africa, a ban first imposed 20 years ago.

Though the South African government has never been able to secure a major conviction against Mrs. Mandela, despite its extensive security laws, it has subjected her to a series of restrictions, arrests, detentions and harassments for nearly half her life.

Since she married Mr. Mandela in 1958, not a year has passed without her being arrested. And in those 24 years she and her husband have been together for fragmented spells totaling only four months. Otherwise one of them was in jail or he was underground.

Fears for Daughter

They were even split up by an arrest before they could reach their own wedding reception, and Mrs. Mandela still has her wedding cake, uncut, in a box at home.

For Mrs. Mandela, the banishment has been the harshest restriction. It cut her off from home, family and friends in Johannesburg and dumped her here, this one-house town 300 miles (480 kilometers) away in Orange Free State

province, the rural heartland of white Afrikaner conservatism, where blacks know their place and she could not even speak their local language.

She fears the experience may have permanently scarred her daughter Zini, 20, who stayed with her for a time but is now in Swaziland.

But Mrs. Mandela is undaunted. At 47, she is a tall, regal figure. She dismissed the renewal of the banishment order with a shrug when I called on her on New Year's Eve; blows like that have been part of her life for so long they have lost their impact.

If anything it is the townsfolk of Brandford who are the more concerned, for life has not been quite the same since Mrs. Mandela arrived.

She has stirred things up. She has pointedly ignored all their separate entrances and segregation signs; she has kept white waiting while she uses "their" public telephone at the post office; she has marched into the little dress shop and tried on dresses in the only change room they have.

Worst of all she has "spoiled" the local black community. They have grown up accepting subservience, and they were wide-eyed seeing this black woman defy the age-old racial conventions and get away with it. Now some whites complain that they, too, are getting "cheeky."

Brandford even had a few mini-strikes last year, something unheard of in such a community. One was at the bakery and another by the "night soil removers," who downed buckets for more pay. And the young men are refusing to work for local farmers for 50 cents a day, as they had done for years.

"I have spoken to them," Mrs. Mandela admitted with a smile. "They have been conscientized" — the vague African nationalist word meaning politicized.

No Confrontation

Strangely, there has never been a clash between Mrs. Mandela and the local whites. They resisted her coming. Protests to the government included one from the first president of the republic, Charles Robert Swart, who has a farm in the district and regarded her being sent there as a personal affront.

But once she arrived they did not confront her. Even when she broke the racial barriers, they kept away and did nothing.

"They seemed petrified of me," said Mrs. Mandela. "There was this Communist come to live in their town. They just didn't know how to handle it."

"I seem to symbolize some terrible threat to them, to bring out the deep fear the Afrikaners have of their extinction. I never realized how deeply embedded this fear was in the Afrikaner until I came here."

The whites themselves put it a little differently. "Yes, people were unhappy when she came here," says Jurie Erwee, the mayor who runs a hotel and liquor store in the town. "But we have got used to her. We accept her now."

"She is clean and well-behaved. She comes in here to buy things: champagne, Cizano, stuff like that. I've spoken to her, and she's well educated."

Piet de Waal, the only lawyer in town, is one of the few whites who has had any kind of relationship with her. Under law-society rules he was obliged to attend to her legal require-

ments if asked. He didn't much like the idea and paid a call on the police to assure them he was only doing his duty.

But over the five years he and his wife, Adele, have succumbed to Mrs. Mandela's charm and considerable personality.

"We have become quite friendly," he admitted. "I tell you, I've learnt a few things from knowing her, and I've come to understand her point of view on some matters."

This has led to gossip around town that Piet de Waal is a "kaffir boetie" ("nigger lover"). Once when Mrs. de Waal's father, who has a brown Volkswagen like Mrs. Mandela's, visited for a week with his car parked outside, the story spread that Mrs. Mandela had moved in with the De Waals.

Apart from the De Waals and two other families, Mrs. Mandela has no social contact in white Brandford. Her life is devoted to the black community in the "location," out of sight behind a small hill, where she lives in a three-room matchbox house, No. 802.

She was appalled by the malnutrition there, so started a gardening project. Now there are cabbages and beans growing around every matchbox house, and the community's diet has been transformed.

Constant Harassment

There was no clinic, so Mrs. Mandela started a first aid and baby care advice service. She is a qualified medical social worker. She has gathered all the location's delinquent teenagers into her care. She visits them regularly, has provided about 30 with books and makes sure they go to school.

The harassment has been constant. The banishment order restricts Mrs. Mandela to her



Winnie Mandela at a demonstration in Johannesburg in 1962.

house at night and on weekends, and prohibits her from receiving anyone inside the house other than her doctor and her lawyer.

To enforce this the police at first kept a 24-hour watch from a car parked outside; later they withdrew to the hill and watched through binoculars.

Mrs. Mandela is a devout member of the Anglican church, but there is not one in Brandford. Each week either Father John Rustin or the bishop of Bloemfontein, the Rt. Rev. Frederick Amore, motors 40 miles to Brandford to celebrate Holy Communion with her — in the road outside No. 802.

Otherwise, all Mrs. Mandela has to look forward to are the periodic visits to her husband in prison on Robben Island, off Cape Town.

She is allowed to see him twice a month for 45 minutes. There is a glass panel between them and they talk through a monitored telephone connection.

Because of the cost of flying — the authorities will not allow her to go by train — she cannot go that often.

"I look forward to the visits so much," she said, "but the trip back is awful. I feel so empty. Look, I'm confident he will come off the island one day. I have no doubt about that. But I can't help thinking of all these years of our lives that are going down the drain — our best years."

"Nelson is 63 now and I am like a young girl, still longing for the experience of married life."

Pinochet's Chile Intensifies Policy of Intimidation as a System of Government

By Kenneth Freed

Los Angeles Times Service

SANTIAGO — The world's great cities all have a symbol that reflects their unique character. Los Angeles has the movies, New York its Manhattan skyline. In Santiago, it is the submachine gun.

Walk along the shopping malls and you see them. Get out of a car in the wealthy neighborhood called Providencia and you see them.

Military police officers in heavy, olive-drab uniforms seem to be everywhere, cradling submachine guns, often with their fingers resting on the trigger.

The guns are the symbol of the politics of force used by the rightist military regime of Gen. Augusto Pinochet, the repression used to govern Chile for more than eight years.

There are other symbols. There are the barricades that go up late every night to close the streets against motor traffic as part of a limited curfew.

And then there are the actions of the regime — the censorship of the television networks, for example, and the closing of the magazine AFSI for publishing articles held to be detrimental to national security.

Emergency Powers

Beyond symbolism, the nature of the Pinochet government has been displayed in the detention last year of more than 600 people without warrant or trial under emergency powers.

According to members of the Lawyers Association for Human Rights, a group associated with the Roman Catholic Church, last year was the worst period for political repression in Chile since 1978.

"The hardest times were from 1973 to 1978," a member said. Gen. Pinochet took power through a bloody coup in 1973. In the following five years, more than 2,500 people died at the hands of government forces and 600 disappeared, human rights organizations have charged.

There have been, but over the last year or two, a pattern has developed, the human rights monitors say, that is as alarming as the initial stages of Gen. Pinochet's rule.

What concerns them is a series of deaths that the government says resulted from battles between armed leftists and security forces. However, the human rights lawyers say there are convincing signs that the deaths were actually executions.

"They are all similar cases in which a death is made to appear to be the result of a fight, which never took place," an attorney said. Another, Carlos Lopez Dawson, president



Gen. Augusto Pinochet

of the human rights association, described the deaths as "a policy of intimidation." "These are not clashes but executions," he said.

Yet another lawyer said, "In the past, they made someone disappear, but now they just kill them."

The shift in tactics is attributed by human rights advocates to a government desire to avoid the appearance of abusing human and civil rights.

If someone disappears, it is noted the world over by various human rights groups. But if a person is killed by government forces said to be preventing an act of terrorism, then the death supposedly is the result of the legitimate use of force.

There have been at least 13 deaths in the last

18 months, four of them in November, that the lawyers say fall into the suspicious category. All 13 involved alleged members of the Movement of the Revolutionary Left — MIR, as it is known — who had returned from exile.

Marxist Group

The MIR is a Marxist organization reportedly financed by Cuba and other Communist nations and known to use violence. Its membership is estimated at 100 to 500 people, some of whom are said to have been trained in Cuba.

All 13 of the MIR people killed were presumably in Chile secretly, but there is evidence that their presence was known to the government. Relatives say that the 13 had been under surveillance by security agents.

In the latest incident, the government said, agents came upon the men in a car outside the home of Foreign Minister René Rojas in the predawn hours of the curfew.

Government sources said that the four were planning to assassinate Mr. Rojas. Four days earlier, there had been an attempt to kill the chief justice of the Supreme Court.

One of the four at the foreign minister's house was reportedly killed by gunfire, while the other three burned to death in the car, their bodies charred beyond recognition.

Deaths Questioned

Some observers suspect that the four were killed elsewhere and that their bodies were taken to the Rojas home. With the curfew, they say, it is virtually impossible to drive the streets of Santiago after 2 a.m. without being stopped and searched.

The human rights lawyers say that it is at least unlikely that four heavily armed men could have got anywhere near a government official's home without being stopped.

It is reasonable to conclude, one source said, "that they were taken there and killed or were set up for execution."

Authorities said that eight of the nine others were killed in clashes with security forces. The ninth, they said, was murdered by the MIR for turning informant.

Human rights lawyers and relatives challenge the government's account. For example, Ruben Ortiz Jopia was said to have been killed in a gun battle with agents of CNL, the National Information Center, as the secret police is called. But his father says that he has medical reports indicating that Mr. Ortiz Jopia was beaten to death.

As one human rights lawyer put it in an interview, "It is easier to kill than to arrest and try someone."

If someone disappears, it is noted the world over ... But if a person is killed by government forces said to be preventing an act of terrorism, then the death supposedly is the result of the legitimate use of force.

The government's revolutionary opponents are not the only victims.

One of the human rights lawyers said that people whom he assumes to be secret police agents entered his house when he was away and killed his cats as a warning.

The intimidation is also carried out in an open and official way. In an announcement last summer, Gen. Pinochet said that his government will "prevent any activity that attempts to revive or form political parties or movements" that oppose his regime.

Then, in September, he ordered the exile of four non-leftist politicians, including Jaime Castillo, a Christian Democrat who headed Chile's Human Rights Commission.

He refused to allow one of the four to return temporarily for the funeral of his mother.

All four, along with other politicians exiled earlier, were charged with collaborating indirectly with "international Communism."

No Proof of Connection

There is no proof of such a connection, although the Pinochet regime has come under attack from anti-government terrorists. Last year an army general was killed by terrorists, and there was the incident last month in which the chief justice of the Supreme Court was wounded.

The MIR has claimed responsibility for a series of bombings, sabotage of electric lines and bank robberies.

But human rights advocates and diplomatic sources discount these actions as not very serious, pointing out that the MIR is relatively weak and that Gen. Pinochet's security forces are effective.

A European diplomat said, "If I were Pinochet, I would simply arrest and try the members of the MIR. They are terrorists and would get no sympathy from the Chilean people. And it would improve his image."

There is no sign that Gen. Pinochet will heed such advice. Amnesty International, the London-based human rights organization, recently charged Chile with stepping up violations, not reducing them. It said that Gen. Pinochet is engaged in systematic repression, including the establishment of torture centers where people have been killed.

If there has been any relaxation, it is in the practice of what is called "relegation," the sending of opponents, particularly students, to isolated parts of the country.

Human rights groups say that 60 to 70 persons were sent into internal exile last year, either to the desert north or the icebound south. In past years the number was higher.

Human rights lawyers said there is a more subtle way of punishing young people. "It is hard to prove, but I am convinced," one said, "that the government is forcing universities to expel students who show signs of dissent."

Government officials deny this, but a university official acknowledged that students considered troublesome have been dismissed at the request of the secret police.

5,000 Picked Up

The government also intimidates opponents by means of detention. Under the state of emergency, the government can pick up and hold anyone it wants to without a charge or warrant.

A human rights lawyer estimated that three or four persons a day are detained under these provisions and that since 1978, about 5,000 people have been picked up.

The lawyers said that the state of emergency allows the detainees to see attorneys and that judges can order their release if they are not convinced that the detainees are being held for just cause.

However, the lawyers added, security officials often hide the prisoners or simply refuse to obey the courts.

"They make it impossible to form a defense," a lawyer said. "There have even been cases where security agents have refused to follow direct orders from the minister of interior to allow a detainee to see an attorney."

Ranking members of Gen. Pinochet's regime have defended this sort of treatment. Adm. Tobo Marin Castro, a member of the governing junta, has said that "Communists have no human rights."

Despite the repression, there is no sign of widespread public discontent with Gen. Pinochet.

Dispirited Opposition

Opposition political leaders, banned from organized activity, are dispirited. They are associated in the public mind with the stagnation and bickering that led to the election in 1970 of Marxist President Salvador Allende and the chaos that led to the 1973 coup in which he was killed.

"The strongest thing going for Pinochet," a diplomat said, "is the memories people have of the mess under the Christian Democrats in the late 1960s and Allende. They don't want to go back to that."

A poll taken last year by an independent and respected survey is reported to have given Gen. Pinochet a 72-percent approval rating. The results were not made public, reportedly because the pollster was afraid that he would be accused by international opponents of Gen. Pinochet of rigging the outcome.

Gen. Pinochet seems to have gained the support of Chile's large middle class with an economic policy that has lowered inflation to less than 10 percent, while promoting economic growth under a free-market system.

One thing that has not seemed to have seriously affected Gen. Pinochet's policies is international pressure. He simply ignored former President Jimmy Carter's public criticism of Chile's human rights practices.

And human rights advocates say that it is no coincidence that repression has increased in the year since President Reagan succeeded Mr. Carter and moved to improve relations between Washington and Santiago.

They point particularly to the exile of Mr. Castillo, the rights commission leader, which almost coincided with a visit to Chile by the U.S. ambassador to the United Nations, Jeane J. Kirkpatrick.

Given Gen. Pinochet's economic successes, the reduction of tension with the United States, the futile efforts of opposing politicians and the repression, Gen. Pinochet's critics see no chance of a change in Chile.

"Pinochet cries out against his opposition as Communists and anarchists," a lawyer said. "But they [the government] are the anarchists. This is not a government of law, but of terror."

مكتبات الامم المتحدة

'Fathering': Examining New Roles of Dads

Indian Beggars Organize
United Press International
NEW DELHI — Indian beggars have formed their own organization to fight for their rights and have called upon "beggars of the world" to unite with them. There are an estimated 1.6 million beggars on the Indian subcontinent, who live on the equivalent of 7 U.S. cents a day.



difficult to explain to overseas audiences the pantomime convention in which a dame while a woman plays the role of the other men play the cow, so it is not possible to explain how a theater in which such difficulties can support no less than a stage for a December celebration that is to be still in full swing.

True, the best of all these shows have already come and gone. At the time of the performances only, the Royal

Nevertheless, on balance the experience has been a positive one, she added. In fact, the Parisis are planning a repeat performance. "I can't wait to have another baby, so we can do it again," said Mrs. Parisi, and she smiled as hazel-eyed Dana babbled in her arms.

Indian Beggars Organize

United Press International

NEW DELHI — Indian beggars have formed their own organization to fight for their rights and have called upon "beggars of the world" to unite with them. There are an estimated 1.6 million beggars on the Indian subcontinent, who live on the equivalent of 7 U.S. cents a day.

difficult to explain— the pantomime convention in which a man plays the dame while a woman plays the dame's son and two other men play the cow, so it is well-nigh impossible to explain how a theater in apparent economic difficulties can support no less than 15 shows all staged for a December celebration that would appear to be still in full swing.

True, the best of all these seasonal treats has already come and gone. At the Aldwych, for 10 performances only, the Royal Shakespeare Com-

"Worzel" would feature on any list of the three best stage musicals of the year, largely because it boasts a new and stunningly good score by Dennis King, who also wrote the score for "Privates on Parade" a few years back. In the title role Jon Pertwee manages the most complex and lovable characterization of a scarecrow since Ray Bolger's in "The Wizard of Oz" 40 years ago, while Geoffrey Bayldon as his sinister creator and Una Stubbs as his snooty Aunt Sally also give performances of constant delight.

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(Continued on Page 8)

Tables include the nationwide prices up to the closing on Wall Street

[illegible]

100% 99% 98% 97% 96% 95% 94% 93% 92% 91% 90% 89% 88% 87% 86% 85% 84% 83% 82% 81% 80% 79% 78% 77% 76% 75% 74% 73% 72% 71% 70% 69% 68% 67% 66% 65% 64% 63% 62% 61% 60% 59% 58% 57% 56% 55% 54% 53% 52% 51% 50% 49% 48% 47% 46% 45% 44% 43% 42% 41% 40% 39% 38% 37% 36% 35% 34% 33% 32% 31% 30% 29% 28% 27% 26% 25% 24% 23% 22% 21% 20% 19% 18% 17% 16% 15% 14% 13% 12% 11% 10% 9% 8% 7% 6% 5% 4% 3% 2% 1% 0%

[illegible]

Gold Options (prices in \$/oz.)

Price	Feb.	May	Aug.
400	13.50-14.00	24.00-25.00	
450	4.00-4.50	19.00-20.00	20.00-21.00
500	4.00-4.50	12.50-13.50	20.00-22.00
600		7.50-10.00	12.00-15.00
700			8.00-11.00

Gold 402-403.00

Valeurs White Weld S.A.

1, Quai de Mont-Ban,
1221 Geneva 1, Switzerland
Tel. 81 02 51 - Telex 28 305

European Options Exchange

Tel. 26 22 71 AMSTERDAM Telex 14 596

E.O.E.

GOLD OPTIONS

Series	Feb.	May	Aug.
C 375	37.00	52.00	60.00
C 400	18.00	34.00	46.00
C 425	6.00	16.00	21.00
C 450	3.00	4.00	
C 475	1.50	1.00	
C 500	5.00	10.00	14.00
C 525	10.00	19.00	22.00
P 425	10.00	19.00	22.00

List prices in \$/oz. of most active series.
C = call; P = put; q = only 1 hr. bid.

See Market News Section for details.

International Monetary Market

Cdn. High Low Settle Chas.

BRITISH POUND 1 per pound; 1 point equals \$8.0001				
Mar	1.5500-1.5520	1.5510	1.5510	+12
Apr	1.5500-1.5520	1.5510	1.5510	+12
May	1.5510-1.5530	1.5520	1.5520	+12
Jun	1.5510-1.5530	1.5520	1.5520	+12
Prev. day's settle	1.5510	1.5510	1.5510	
Prev. day's settle 1.5510, off 34A				
CANADIAN DOLLAR 1 per Cdn. 1 point equals \$0.001				
Mar	.6415-1.6415	.6415	.6415	-7
Apr	.6415-1.6415	.6415	.6415	-7
May	.6415-1.6415	.6415	.6415	-7
Jun	.6415-1.6415	.6415	.6415	-7
Prev. day's settle	.6415	.6415	.6415	
Prev. day's settle 1.6415, up 10A				
FRENCH FRANC 1 per franc; 1 point equals \$0.0001				
Mar	1.7300-1.7300	1.7300	1.7300	
Apr	1.7300-1.7300	1.7300	1.7300	
May	1.7300-1.7300	1.7300	1.7300	
Jun	1.7300-1.7300	1.7300	1.7300	
Prev. day's settle	1.7300	1.7300	1.7300	
Prev. day's settle 1.7300, off 56A				
JAPANESE YEN 1 per yen; 1 point equals \$0.0001				
Mar	.0070-1.0070	.0070	.0070	+18
Apr	.0070-1.0070	.0070	.0070	+18
May	.0070-1.0070	.0070	.0070	+18
Jun	.0070-1.0070	.0070	.0070	+18
Prev. day's settle	.0070	.0070	.0070	
Prev. day's settle 1.0070, up 12A				
JAPANESE YEN 1 per yen; 1 point equals \$0.0001				
Mar	.0070-1.0070	.0070	.0070	-22
Apr	.0070-1.0070	.0070	.0070	-22
May	.0070-1.0070	.0070	.0070	-22
Jun	.0070-1.0070	.0070	.0070	-22
Prev. day's settle	.0070	.0070	.0070	
Prev. day's settle 1.0070, off 34A				
SWISS FRANC 1 per franc; 1 point equals \$0.0001				
Mar	.5614-1.5614	.5614	.5614	-17
Apr	.5614-1.5614	.5614	.5614	-17
May	.5614-1.5614	.5614	.5614	-17
Jun	.5614-1.5614	.5614	.5614	-17
Prev. day's settle	.5614	.5614	.5614	
Prev. day's settle 1.5614, up 21A				

London Metals Market

(Figures in sterling per metric ton)
(Silver in ounces per troy ounce)

	Jan. 6, 1982	Today	Prev. Close
High Low Close Bid Asked			
High grade copper cathodes:			
3 months	\$44.00	\$47.00	\$59.00
3 months	\$44.00	\$47.00	\$59.00
Copper cathodes:			
3 months	\$43.00	\$46.00	\$57.00
3 months	\$43.00	\$46.00	\$57.00
Tin spot	\$3,500.00	\$3,500.00	\$3,500.00
3 months	\$3,500.00	\$3,500.00	\$3,500.00
Lead: spot	\$2,200.00	\$2,200.00	\$2,200.00
3 months	\$2,200.00	\$2,200.00	\$2,200.00
Zinc: spot	\$2,200.00	\$2,200.00	\$2,200.00
3 months	\$2,200.00	\$2,200.00	\$2,200.00
Silver: spot	\$42.00	\$42.00	\$42.00
3 months	\$42.00	\$42.00	\$42.00
Aluminum: spot	\$440.00	\$440.00	\$440.00
3 months	\$440.00	\$440.00	\$440.00
Nickel: spot	\$2,800.00	\$2,800.00	\$2,800.00
3 months	\$2,800.00	\$2,800.00	\$2,800.00

London Commodities

(Prices in sterling per metric ton)
(Grain in U.S. dollars per metric ton)

	Jan. 6, 1982	High	Low	Prev. Close
SUGAR				
Mar	195.75	197.00	194.00	195.00
Apr	195.75	197.00	194.00	195.00
May	195.75	197.00	194.00	195.00
Jun	195.75	197.00	194.00	195.00
Jul	195.75	197.00	194.00	195.00
Aug	195.75	197.00	194.00	195.00
Soybean meal	195.75	197.00	194.00	195.00
Wheat	195.75	197.00	194.00	195.00
Barley	195.75	197.00	194.00	195.00
Oats	195.75	197.00	194.00	195.00
Rice	195.75	197.00	194.00	195.00
Corn	195.75	197.00	194.00	195.00
Wheat	195.75	197.00	194.00	195.00
Barley	195.75	197.00	194.00	195.00
Oats	195.75	197.00	194.00	195.00
Rice	195.75	197.00	194.00	195.00
Corn	195.75	197.00	194.00	195.00

Cash Prices

Jan. 6, 1982

COMMODITIES and unit		Wet Year
Coffee A Santos, lb.		1.07
TEXTILES		
Cotton A Santos, lb. vtd.		0.78
METALS		
Lead 30/30, lb.	23.00	23.00
Lead 30/30, lb.	23.00	23.00
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Lead 30/30		

Lloyds Eurofinance N.V.
(Incorporated in the Netherlands with limited liability)

the terms and conditions of the Notes and the Bank Agreement between Lloyds Bank Limited, and Citibank, N.A. dated

In accordance with the terms and conditions of the Notes and the provisions of the Agent Bank Agreement between Lloyds Eurofinance N.V., Lloyds Bank Limited, and Citibank, N.A. dated July 2, 1980, notice is hereby given that the Rate of Interest has been fixed at 15%¹/₂ p.a. The relevant Interest Payment Date is July 6, 1982 (making an interest period of 181 days), and payment will be made against Coupon N° 4.

The value of Coupon N° 3 payable on January 6, 1982, is US \$132.72.

January 7, 1982.
By: Citibank, N.A., London, Agent Bank

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مقام الاصل

Hitachi Gets Jump In 256K-Chip Race

By Paul Richter

Los Angeles Times Service

LOS ANGELES — Hitachi apparently will be the first electronics firm to mass-produce the next generation of computer memory chip — a development that will give the giant Japanese firm an important edge over competitors.

U.S. officials of the Tokyo-based company declined Tuesday to discuss Hitachi's production schedule, but industry analysts confirmed a recent report in a Japanese publication that the company has presented prototype models of its so-called 256K RAM chip to potential U.S. customers.

U.S. officials of the Tokyo-based company declined Tuesday to discuss Hitachi's production schedule, but industry analysts confirmed a recent report in a Japanese publication that the company has presented prototype models of its so-called 256K RAM chip to potential U.S. customers.

Industry observers had been expecting that 256K RAM chips would not be available in quantity until mid-1985 or later.

RAM stands for random-access memory. The components can store more than 256,000 bits of information on a single finger-sized silicon chip — four times the capacity of the most sophisticated chip now on the market.

It has potential applications in a broad range of devices, from oil-well drilling gear to personal computers. Its introduction will mark an important advance in making computers more compact, powerful and less expensive, analysts say.

"It will give a whole extra increment of sophistication in memory," said Lane Mason, an analyst with Dataquest Inc., a California-based research consulting firm. He said the new chip is likely to bring substantial reductions in the price of personal computers, for example, because such components now account for 10 to 15 percent of their cost.

Analysts say it will also signal an important setback for U.S. semiconductor makers, who have seen their share of the memory-component market steadily eroded by Japanese competitors, including Hitachi, which now makes a full range of computer components.

Hitachi's plans were outlined in a recent article in the Japan Economic Journal, a well-regarded economic affairs newsletter.

The story said the company plans to distribute samples of the components this fall. In the spring of 1983, it will increase production at its factory in western Tokyo to tens of thousands of the chips. Production will reach hundreds of thousands of units by early 1984, the newsletter said.

The company showed plans for the new component last fall at an international computer conference

held in Tokyo, said John Shea, an analyst with the Technology Analysis Group of San Jose, Calif.

Mr. Mason said Mosek Corp. of Carrollton, Tex., and three Japanese firms, Nippon Electric, Fujitsu and Oki Electric, have disclosed that they are trying to develop a 256K chip of their own. One other U.S. firm, which he declined to identify, is working on a similar chip, he said.

International Business Machines, the world's largest computer maker, is also working on such a chip, but IBM officials have hinted that its development may be at least three years off, analysts say.

Semiconductor makers have raced to increase the information-storage capacity of memory chips since the early 1970s, when the largest-selling memory chip was the 1K RAM, which stored 1,024 bits of information.

The 1K RAM was succeeded over the years by chips that held more than 4,000, 16,000 and 64,000 bits of information. The 16,000-datum chip, the 16K, is still the largest-selling memory component, but it is being overtaken rapidly in sales by the 64K chip.

Adding credibility to Hitachi's mass-production plans for the new chip is the firm's domination of the 64K memory chip market, analysts say.

Last year, Hitachi shipped 40 percent of the 12 million 64K chips sold worldwide. The second-largest market share is held by Fujitsu, which has 20 percent of worldwide sales, according to Dataquest. The largest U.S. competitor is Motorola, with just under 20 percent.

U.S. semiconductor makers together hold only 30.5 percent of the 64K-chip market, compared to a 69.5-percent share by the Japanese, according to the consultant.

Mr. Mason said Hitachi, a diversified chemical and electronics company, has the respect of competitors and "good momentum" because of its position in the 64K-chip market.

He said he believes Hitachi will also find a welcome market for the component. Manufacturers of some devices are almost obliged to use the highest-density memory chip available, because their gear must be compact.

Uncomputerized instruments used to navigate aircraft and spacecraft are among such devices, he said, as are the instruments used in oil-well-drilling operations. Mr. Mason said the new high-density chip would also be used in electronic office equipment.

Another analyst, however, said he is skeptical that Hitachi will turn out the chip in quantity before 1985. "We view their plans as a claim rather than as a proven sort of capability," said Bob Andriev, an analyst with Coecon Concepts Inc., a technology consulting firm based in Menlo Park, Calif.

The Kaufman Mystique Grows

When Salomon Brothers' Economist Sneezes
Traders on Wall Street Stand to Catch a Cold

By Karen W. Arenson

New York Times Service

NEW YORK — Almost from the day two decades ago when he started publishing his weekly Comments on Credit, Henry Kaufman has had an attentive following. But to be an analyst on Wall Street and to have a following is not at all unusual.

Indeed, it is only in recent years that Mr. Kaufman, the chief economist at Salomon Brothers Inc., has taken on a kind of aura, where his market analyses can be expected to send tremors through the stock and bond markets. It does not happen every time he speaks, but it happens often enough to make it more than a coincidence.

Such was the case Tuesday, when the closely watched Dow Jones industrial average plunged 17.22 points, following Mr. Kaufman's latest projections. He told clients that he foresees a "big-of-war" between business and the federal government shaping up later this year, resulting in sharply higher interest rates.

Mr. Kaufman is hardly the first economist to predict problems stemming from the ballooning federal budget deficit, but the market had not reacted with such vehemence to deficit forecasts until he spoke.

Big Market Moves

The market response again raised the questions of how it was that Mr. Kaufman commands the power he does, and, further, of what it means for an economist to have such influence. Only last spring, prominent members of the Reagan administration chastised Mr. Kaufman for being bogged down in traditional economics and not understanding the new supply-side approach they were offering. It was as though he were personally responsible for the financial markets' deep-seated skepticism toward the Reagan program.

As prices ebb and flow, it is not unusual for some event to set off a big market move. Sometimes it is a declaration of war, or, less extreme, an announcement that the Federal Reserve at other times it may simply be something that someone has said, be it the scholarly Mr. Kaufman or the flamboyant Joseph Granville, a forecaster who has also

been credited — or blamed — for touching off large moves in markets in recent years.

"Since markets reflect what people think will happen in the future, there is a good deal of uncertainty," noted Burton G. Malkiel, dean of the School of Organization and Management at Yale University, who has written extensively on the theory of stock market prices.

"This means that it is very easy to have people swinging from optimism one moment to pessimism the next," he said. "And with this kind of volatility, it is not terribly surprising that a Kaufman or a Granville can move markets."

But where Mr. Granville is criticized for lacking substance, Mr. Kaufman is widely applauded for his research. "Henry's method of forecasting is to look at the potential flows of funds through the economy to see where there will be pressure points," Mr. Malkiel said. "So when he says something, there is a lot of research behind it."

But it is more than research that makes Mr. Kaufman stand out. Forecasting is a treacherous business, and the Salomon Brothers economist has a good record.

"He has practically always been a bear," said Otto Eckstein of Data Resources and Harvard University. "And since the market has deteriorated for almost 20 years, he looks good."

"Both Henry and Al Wojniolower have projected that the financial system will be getting into more and more trouble, and it has," Mr. Eckstein added. Like Mr. Kaufman, Mr. Wojniolower, chief economist at the First Boston Corp., takes a pessimistic view.

Although Mr. Kaufman has made a reputation for being on the money in forecasting such trends as the rise in short-term interest rates to record heights, he has not been uniquely prescient. Mr. Wojniolower has focused on some of the same themes as Mr. Kaufman, and made some of the same forecasts. But Mr. Kaufman and his firm seem to have been capitalized on his growing prominence, which Wall Street people say has brought not only greater prestige but also more business to Salomon.

Mr. Kaufman, a member of Salomon's executive committee, makes himself judiciously



Henry Kaufman

available to counsel clients. In recent years, the firm has become more systematic about preparing and distributing copies of his remarks. Typically, Salomon Brothers clients were briefed on Mr. Kaufman's latest study Monday afternoon, a general public dissemination was delayed until Tuesday morning.

Somewhere along the way, all of these factors helped transform Mr. Kaufman from an economist with a respected following into something approaching a cult figure. To be sure, many market participants treat his forecasts with immense respect. But beyond that, many others on Wall Street pay as much attention to guessing how the market will react to Mr. Kaufman's statements as they do to the statements themselves.

As Alan Greenspan, an economist and an informal adviser to the Reagan White House who heads his own consulting firm, put it, "Henry has a great many followers, but there are also a number of people who believe he has a great number of followers."

For his part, Mr. Kaufman said he pays no heed to whether he will create a stir.

"I never knew what statements will have market impact and which ones will not," he said. "The real question for me is whether I see a trend in the making. The question has to be what will be, not what should be. If you mix those two things up, you'll have a lot of errors in your projections."

Firms in U.S., Libya Agree to Compensate Exxon

Britain Plan
Data Link

By Merrill Brown

Washington Post Service

WASHINGTON — Satellite Business Systems of the United States and British Telecom announced plans Wednesday to provide a high-speed transatlantic communications service.

Although SBS must receive Federal Communications Commission approval to enter the international field, the two concerns have agreed to develop a number of advanced communications services, principally high-speed digital services, such as data communications and electronic mail.

In a joint announcement, the two companies also said they would provide teleconferencing services, enabling businessmen and others to conduct meetings over television. The international services could begin as soon as this year, SBS said.

Robert Hall, SBS president, said the company's customers, many of which have overseas operations in Britain, had expressed strong interest in international services. There is more telecommunications traffic between the two countries than between the United States and any other nation, making SBS's entrance into that market particularly attractive.

"For our customers, it opens an opportunity to extend many advantages of their integrated domestic networks to their operations in the United Kingdom, enhancing the efficiency, the timeliness and the economy of their telecommunications," Mr. Hall said in a prepared statement. Sir George Jefferson, chairman of British Telecom, called the proposal a "major enhancement of transatlantic communications services."

Boosts U.S. Competitiveness

SBS is a partnership of Aetna Life Casualty, International Business Machines and Communications Satellite Corp. (Comsat) that is prepared to spend close to \$1 billion to develop a satellite voice, data and video communications system for businesses and other institutions. After a series of delays, customers began receiving service from SBS earlier this year.

British Telecom, the government-controlled telecommunications monopoly that serves all the nation's telephones, is going through a series of major changes designed to bring competition into the business there and enable the company to enter new fields.

"SBS is pioneering the introduction of small-high digital satellite business systems in the U.S. and, our agreement with them will secure for BT's multinational customers the service advantages of direct links with their U.S. establishments connected to the SBS system there," said Jim Hodgson, managing director of British Telecom International.

In requesting authority to enter the international field, SBS said the services would improve the U.S. competitive position in foreign markets by cutting travel costs and increasing productivity. The companies said they would use existing U.S. satellites for the international services. SBS also requested FCC approval for plans to use Comsat facilities in West Virginia and Maine as gateways for the international transmissions.

By Douglas Martin

New York Times Service

NEW YORK — Libya has agreed to compensate Exxon for the Libyan assets the oil company abandoned in November, Exxon has announced.

The move, analysts said, suggested a new moderation on the part of the government of Col. Moammar Qadhafi.

When Exxon announced plans to withdraw from the country — considered highly unusual in an industry that has been reluctant to sacrifice any secure source of crude oil — Libya said Exxon's action did not conform with Libya's oil laws and was "tantamount to failure to carry out legal commitments and a unilateral breach of contract."

That attitude led some analysts to predict that Exxon would

receive no compensation for its properties, which include oil and gas reserves, producing wells, pipelines and a plant to liquefy natural gas for shipment to Europe.

Lower Than Book Value

Exxon declined to disclose the amount of compensation it would receive, except to say it was "something lower than book value," an amount it also declined to reveal.

"This may represent a more civil, businesslike attitude on the part of the Libyan government," said John H. Lashburn, executive director of the Petroleum Industry Research Foundation.

A number of analysts said Libya's willingness to pay compensation to a company after an action it vehemently condemned was reflective of a more conciliatory approach by the Libyans. They recently cut their oil price by 50

cent fee on the disbursed portion of its credits. That will remain unchanged. But now IDA also will charge 1/2 percent on the undistributed portion of credit as soon as the funds are committed.

These added charges reflect a new mood of anxiety at the bank and IDA. The United States, the bank's biggest contributor over the years, has been trying to cut back its proportional share. Under the Reagan administration, funds pledged to IDA have been stretched out, leading to the prospect, according to World Bank President A.W. Andersen, that the bank will have to undergo a major reorganization.

According to recently published reports, the U.S. Treasury will publish a recommendation on Jan. 20 that the U.S. annual contribution to IDA be reduced to \$750 million a year by 1983. IDA is scheduled to average close to \$1.1 billion for the three fiscal years ending 1983 if Congress passes the necessary appropriation bills.

Since other nations' contributions are keyed to the U.S. share, such a large cut would slash the total of concessional IDA funds available to the poor and require them to seek the balance at higher, market-related rates. Such a step, as well as the additional IDA fees announced Tuesday, are expected to be bitterly resisted by the Third World nations.

At the same time, the bank's soft-loan affiliate, the International Development Association, moved to cover more of the costs it incurs in making its interest-free, 50-year loans to the poorest of its member countries.

Presently, IDA charges a 1/4-per-

cent fee on the disbursed portion of its credits. That will remain unchanged. But now IDA also will charge 1/2 percent on the undistributed portion of credit as soon as the funds are committed.

"One could come to the conclusion they're running a little bit scared," said Henry M. Schuler, energy analyst for the accounting firm of Deloitte Haskins & Sells who previously served in Tripoli as a State Department official and as a consultant to U.S. oil companies.

Exxon said that the accord would be retroactive to Dec. 1. A spokesman, James Morakis, said Tuesday that an arm of the Libyan National Oil Corp., Sirte Oil, would operate the Exxon properties. "Sirte assumed responsibility for December for all of Exxon's outstanding agreements with contractors and suppliers related to oil and gas operations," he added.

Exxon's withdrawal from Libya nearly two months ago puzzled energy analysts as well as officials of other oil companies because oil companies seldom abandon sources of crude oil needed to run their refineries, although they routinely dispose of refining, marketing and petrochemical operations.

There has been a variety of speculation about Exxon's action, which was not matched by the other U.S. companies active in Libya. These include Conoco, Marathon, Amerasia Hess, Occidental Petroleum and Mobil.

Responding to Reagan

All of these companies, however, have reacted affirmatively to a call by President Reagan to remove employees and their dependents choosing to leave Libya at a time of tension between Washington and Tripoli.

Analysts have suggested that the overhauling reason for Exxon's departure was dissatisfaction with Tripoli's intransigence about lowering its price enough to make it profitable to produce Libyan oil. Libya's prices have been the highest in the Organization of Petroleum Exporting Countries, ranging up to \$41 a barrel at the peak last year. The current price is \$37.

These high prices have led Western companies to cut Libyan production to 600,000 barrels a day from about 1.7 million a year ago. Exxon has so much oil elsewhere that the loss of a single country's production does not have nearly so severe an impact as it would on a smaller company.

Iran has sent a 10-man team of oil specialists to Libya to determine what type of Iranian volunteers are needed to replace American oil personnel, United Press International said Wednesday.

Last Hour Rally Stems Decline in N.Y. Prices

From Agency Dispatches

NEW YORK — Uncertainty over the direction of interest rates left New York stock prices lower Wednesday despite a rally late in the day.

The Dow Jones industrial average had dropped almost nine points by early afternoon in a continuation of Tuesday's 17.22 point rout, but then picked up in the final hour of trading to close off 4.28 points at 861.02. Declines, however, were significantly higher than advances by a margin of 1040 to 470 and volume rose to some 51 million shares from 47.51 million Tuesday.

Analysts attributed the late strength to technical factors such as bargain hunting noting that buyers seemed to reenter the market at the \$80 level on the Dow Jones average.

The Bank of New York said the recession could reduce corporate borrowing, paving the way for lower short-term interest rates in the first quarter despite large Treasury

needs. But investors appeared to be skeptical.

The market also was being hurt by prospects fourth-quarter earnings reports to be released this month will be dismal.

Credit markets were lower at midsession ahead of an auction of \$3.25 billion of seven-year notes, dealers said.

They said there was some concern over the outcome of the auction because of uncertainty about how the federal funds rate will behave once the apparent technical distortions in the funds market begin to abate.

Dealers said it appeared the auction would result in an average yield of around 14.62 percent.

As many dealers expected the build up of reserves in the system over the past few days prompted the New York Federal Reserve Bank to drain reserves. At the time, federal funds were at 11 1/2 percent.

In the London currency trading, the dollar closed mostly weaker but recovered from its early afternoon lows, dealers said.

They said the dollar weakened because of a lower federal funds rate and lower eurodollar deposit rates.

The dollar finished at 2.2470 Deutsche marks, compared with 2.2610 at the close Tuesday, and at 1.8095 Swiss francs, against 1.8120. Sterling rose to \$1.9240 from Tuesday's close of 1.9130.

In corporate news, Borg-Warner said from Chicago that its directors authorized the purchase of up to one million shares of its common on the open market for use in employee benefit and incentive plans and other corporate purposes.

The company, which had about 43 million shares outstanding on Dec. 31, said the new authorization is expected to be sufficient to meet its needs at least through 1982.

From Palo Alto, Calif., Syntex Corp. said it formed a 50-50 joint venture with E. Merck, a West German chemical and pharmaceutical company, to market products of Syntex's diagnostic subsidiary, Syva, in several European countries.

On the trading floor, oils and related issues were under pressure.

Union Oil of California was active after a block of 168,900 shares at 34. Amerasia Hess had one of 125,000 shares and Schlumberger had a block of 120,000 shares at 51 1/2.

EURO-ASIA CENTRE IN SEAD

The Euro-Asia Centre was created by INSEAD, Europe's largest business school in Fontainebleau, France. It offers seminars and missions for European and Asian executives, keen to develop management skills and to increase their effectiveness in working together in each other's environment.

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1.8.82 to 5.8.82 in Fontainebleau

MANAGEMENT SKILLS FOR BUSINESS IN SOUTH EAST ASIA
6.8.82 to 12.8.82 in Fontainebleau

MANAGEMENT SKILLS FROM JAPAN
12.8.82 to 12.8.82 in Fontainebleau

ASIAN MANAGERIAL CULTURES
15.8.82 to 19.8.82 in Hong Kong

HONG KONG INTERNATIONAL EXECUTIVE PROGRAM
22.8.82 to 5.8.82 in Hong Kong

ASIAN INTERNATIONAL EXECUTIVE PROGRAM
8.8.82 to 19.8.82 in Singapore

QUALITY CIRCLES AND PRODUCTIVITY IN JAPAN
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BUSINESS NEWS BRIEFS

China Reportedly Close to Taking Drilling Bids

United Press International

PEKING — China will soon begin accepting bids from foreign oil companies for drilling in the South China and Yellow seas, it was reported here Wednesday.

The China Daily, an English-language sister publication to the People's Daily, said it had learned from the Petroleum Ministry that bidding will begin as soon as the State Council, China's equivalent of a Cabinet, issues its approval.

Oil firms from the United States, Britain, France, Japan and Italy last year completed seismic surveys of the areas.

\$376-Million Offer Is Made for Cannon Mills

New York Times Service

NEW YORK — David H. Murdock, a Los Angeles real estate developer and investor, has made a \$376-million cash offer for Cannon Mills, the seventh-largest publicly held U.S. textile manufacturer.

Cannon announced Tuesday that it had received an unsolicited acquisition offer, for \$40 a share, from Pacific Holding, a Murdock-owned company that holds about 5 percent of Cannon's shares. Cannon referred the proposal to its financial advisers.

Analysts said they did not expect Cannon to accept the offer, which is conditional upon a minimum of 62 percent of Cannon's 9.4 million shares being tendered. The offer also stipulated that Cannon's board of directors must approve the offer. Last February, Cannon rejected a similar offer from an investor group led by Harold Gense, former chairman of International Telephone and Telegraph.

Goodrich Makes Contested Plastics Purchase

New York Times Service

NEW YORK — B.F. Goodrich has purchased Diamond Shamrock Corp.'s plastics subsidiary, the two firms have announced. The Federal Trade Commission, which is challenging the purchase on antitrust grounds, estimated the purchase price at \$131 million; Goodrich would not confirm the figure.

The purchase, announced late Tuesday, completes an agreement in principle announced Sept. 30, 1981. Included in the transaction are a vinyl chloride monomer plant that produces 1 billion pounds a year, and a polyvinyl chloride plant with an output of 260 million pounds a year. Both plants are in Texas.

The FTC contended that the acquisition of Diamond Shamrock Plastics could reduce competition in the production of the two materials, used to make plastics. Goodrich is the largest U.S. producer of polyvinyl chloride. Goodrich and Diamond Shamrock said they would "contest the FTC complaint vigorously."

Rolls-Royce Motors Sees Exports Rising 23%

Reuters

LONDON — Rolls-Royce Motors Holdings expects 1982 exports of Rolls-Royce and Bentley cars and parts to reach \$95 million, up 23 percent from last year's \$77 million, a company spokesman said Wednesday.

Last year's exports, accounting for more than 60 percent of output, were up 26 percent in value as all overseas markets improved, the spokesman said. Export sales, excluding parts, amounted to \$43 million in North America, \$20 million in Europe and the Middle East, and \$6 million in the Far East.

Carlsberg to Provide Experts to China Brewery

The Associated Press

COPENHAGEN — The United Breweries group, which makes Carlsberg and Tuborg, has announced the signing of a contract for the supply of technical expertise to the Guangzhou Brewery of China.

The contract calls for Carlsberg to assign specialists to the Chinese brewery as consultants in production, equipment and quality control. Guangzhou technicians also are to be trained at the United Breweries plant in Hong Kong.

China recently announced plans to quadruple domestic beer production over the next decade.

CURRENCY RATES

Interbank exchange rates for Jan. 6, 1982, excluding bank service charges.

	\$	DM	£	FF	Y	Sc	SF	DK
American Express	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
Banque Paribas	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
Commerzbank	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
Deutsche Bank	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
First National City	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
Frankfurt	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
London	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
Madrid	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
Paris	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
Port of Spain	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
San Francisco	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
Stockholm	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
Switzerland	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
Vienna	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237
Zurich	2.445	1.975	1.751	6.771	3.185	15.89	21.295	5.237

Source: Reuters. (a) American Express. (b) Amounts needed to buy one pound. (c) Units of 100. (d) Units of 1,000.

Weekly net asset value

Tokyo Pacific Holdings N.V.

INTERNATIONAL EXECUTIVE OPPORTUNITIES



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The IDEAL CANDIDATES will have:

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- * full command of spoken and written English, and be able to speak at least one additional European language fluently.

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Apple Computer International

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FINANCIAL OPERATIONS

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Management-Level Position: To direct one of three divisions in the Financial Operations Department responsible for carrying out the Bank's borrowing program. Reference No. 2-3-FRA0204

Financial Operations Officer: Responsible for initiating, implementing, and monitoring the Bank's borrowing activities (over \$6 billion equivalent in various currencies in the last fiscal year) in capital markets worldwide, including the negotiation of terms and conditions of borrowing transactions. Officers also do financial analysis of borrowing techniques and identification of sources of funds, and provide assessment of capital market trends and interest-rate developments. Reference No. 2-3-FRA0205

Candidates applying to either of these positions should have the following:

- * Substantial experience in financial and capital markets, domestic and international, preferably with a commercial or investment banking background;
- * University degree in Business Administration/Economics or equivalent experience;
- * Excellent command of English; fluency in one or several other languages, for use in negotiations with counterparts in major financial and capital markets, is highly desirable;
- * Strong interpersonal communication skills.

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Staffing and Planning Division
1818 H Street, N.W., Washington, D.C. 20433

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Eurocurrency Interest Rates

	Dollar	Deutsch	Swiss	French	Spanish	ECU	SDR
1M	13 1/4 - 13 3/4	10 1/4 - 10 3/4	8 1/4 - 8 3/4	12 1/4 - 12 3/4	13 1/4 - 13 3/4	12 1/4 - 12 3/4	12 1/4 - 12 3/4
2M	13 1/4 - 13 3/4	10 1/4 - 10 3/4	8 1/4 - 8 3/4	12 1/4 - 12 3/4	13 1/4 - 13 3/4	12 1/4 - 12 3/4	12 1/4 - 12 3/4
3M	13 1/4 - 13 3/4	10 1/4 - 10 3/4	8 1/4 - 8 3/4	12 1/4 - 12 3/4	13 1/4 - 13 3/4	12 1/4 - 12 3/4	12 1/4 - 12 3/4
4M	13 1/4 - 13 3/4	10 1/4 - 10 3/4	8 1/4 - 8 3/4	12 1/4 - 12 3/4	13 1/4 - 13 3/4	12 1/4 - 12 3/4	12 1/4 - 12 3/4
1Y	14 1/4 - 14 3/4	11 1/4 - 11 3/4	9 1/4 - 9 3/4	13 1/4 - 13 3/4	14 1/4 - 14 3/4	13 1/4 - 13 3/4	13 1/4 - 13 3/4

Selected Over-the-Counter

NEW YORK (AP) -		Closing Prices, Jan. 6, 1982		Eurocurrency Interest Rates	
The following list is a selected National Securities Association listing over the counter bond, insurance & industrial stocks.					
ABC Inc.	100	11 1/2	11 1/2	11 1/2	11 1/2
ABCO	100	11 1/2	11 1/2	11 1/2	11 1/2
ABCO	100	11 1/2	11 1/2	11 1/2	11 1/2
ABCO	100	11 1/2	11 1/2	11 1/2	11 1/2
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ABCO	100	11 1/2	11 1/2	11 1/2	11 1/2
ABCO	100	11 1/2	11 1/2	11 1/2	11 1/2
ABCO	100	11 1/2	11 1/2	11 1/2	11 1/2
ABCO	100	11 1/2	11 1/2	11 1/2	11 1/2
ABCO	100	11 1/2	11		

